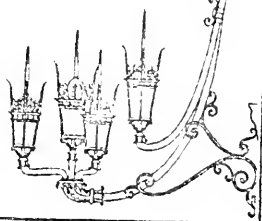




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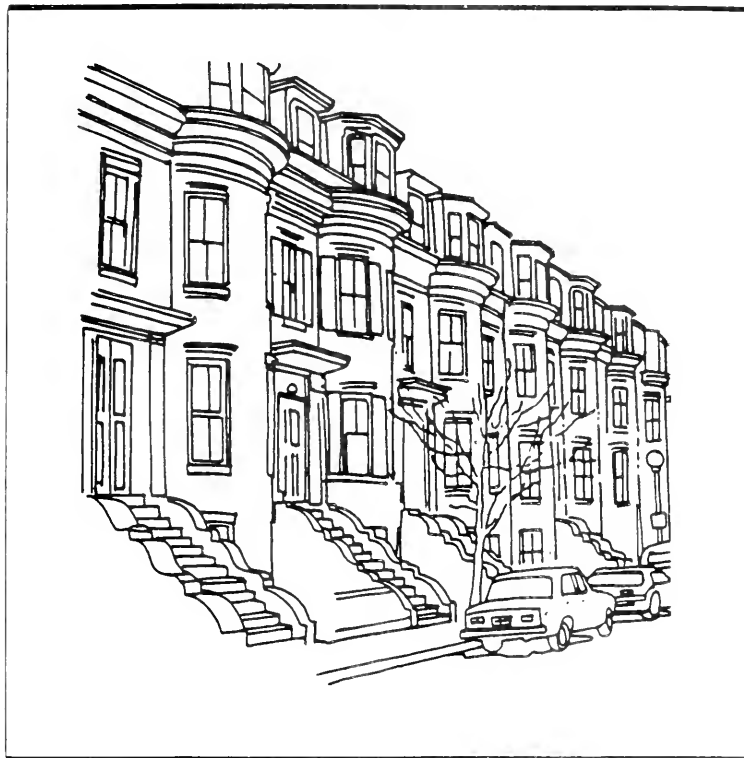


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# SOUTH END

Neighborhood Housing Initiative



NON-PROFIT DEVELOPMENT RESOURCES  
FOR PRODUCING AFFORDABLE HOUSING

CITY OF BOSTON  
RAYMOND L. FLYNN  
*Mayor*

BOSTON REDEVELOPMENT AUTHORITY  
STEPHEN COYLE  
*Director*

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*Vice-Chairman, Sub-Committees*

KANE SIMONIAN  
*Secretary*

JUNE 5, 1987



BOSTON  
REDEVELOPMENT  
AUTHORITY

Raymond L. Flynn  
Mayor

Stephen Coyle  
Director

May 27, 1987

One City Hall Square  
Boston, MA 02201  
(617) 722-4300

Dear Potential Development Team:

Thank you for joining us today for another in our series of Technical Assistance Seminars. The subject for today's seminar will be Financing. This session is designed to provide guidance to developers responding to the RFP for the South End Neighborhood Housing Initiative (SENHI) Phase I parcels. In this brochure and today's informational session, we will provide information about resources which will help non-profit developers meet SENHI affordability goals and bridge the gap between development costs and available resources.

As you know, SENHI is an opportunity to expand the supply of affordable housing in the City of Boston. Mayor Flynn has endorsed SENHI particularly because of its affordability requirements. The BRA-owned inventory of vacant land, in combination with strong development interest in the area, public investment in new roads and the removal of the elevated Orange Line, create a singular opportunity for development in the South End. SENHI is designed to benefit from these conditions. SENHI will enhance and expand the unique South End environment, creating much needed affordable housing while at the same time promoting development opportunities for non-profit organizations, community development corporations (CDCs), minority business enterprises (MBEs) and joint ventures. Further, the Mayor has enlisted the commitment of appropriate city departments to ensure the success of this innovative and exciting program.

We hope you will find today's session useful. Every effort has been made to assure that the information presented in this brochure is accurate and up-to-date, but the final authority on all of these programs is the sponsoring agencies. You should contact the





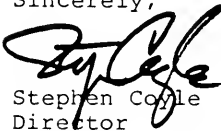
individual program sponsors for complete information on the regulations associated with their programs, including Fair Housing Standards, Massachusetts Prevailing Wages, M.G.L. 149, Davis-Bacon Prevailing Wages, Minority Business Utilization Ordinances and Federal Environmental and Historic Clearance Procedures. As developers, you will bear full responsibility for assuring that your projects meet the criteria attached to any funding you may receive.

With regard to the BRA's program for SENHI-related technical assistance, specific awards will be made after preliminary developer designation. However, general technical assistance will be available until then from BRA staff. As part of this program, we will begin offering weekly technical assistance workshops on Tuesdays at 1:00 p.m. at the Dudley Site Office, 2406 Washington Street, Roxbury (the old Social Security Office).

If you have specific concerns or issues, you should call Tom O'Malley or Maria Faria in advance so that the appropriate staff can be in attendance, otherwise, the sessions will be general in nature. We strongly encourage early identification of potential problems and concerns.

For more information on the workshops, call Tom O'Malley or Maria Faria at the BRA Dudley Site Office at 445-3921.

Sincerely,



Stephen Coyle  
Director

SC/ymb



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## SOUTH END NEIGHBORHOOD HOUSING INITIATIVE

### Background

The South End Neighborhood Housing Initiative (SENHI) is an opportunity to expand the supply of affordable housing in the City of Boston. Few areas in Boston other than the South End have as much city-owned land suitable for residential development. The South End is also the focus of increased residential development interest. Currently, eighteen projects totaling over 700 units of housing are underway or soon will be; and greater than half of these units are new construction. These units will add a mix of housing opportunities to the South End, but they will not be enough to meet the existing need, particularly of low- and moderate-income households. The inventory of city-owned land, strong development interest, public investment in new roads, and the removal of the elevated Orange Line combine to create a sound opportunity to begin to address critical South End concerns such as blight, housing affordability, gardens, and open space.

### Program Objectives

SENHI is a program designed to address long-standing issues in the South End community. Among these issues are blighted and abandoned property; the need for more affordable housing; the lack of development experience among minority and community-based groups interested in improving the South End; and impending displacement of neighborhood residents due to rising housing costs. SENHI goes beyond previous urban renewal efforts by mustering public resources and private market interest to meet community needs for housing, open space, parking, and economic opportunity.

The objectives of the SENHI Program include

- o Creation of Affordable Housing,
- o Increased Development Opportunities for Minority Business Enterprise (MBEs) and Community Development Corporations (CDCs),
- o Reinforcement of South End Character.

### Submission Procedures for Phase I of the SENHI Program

Applicants are requested to submit five copies of submission materials by 5 P.M. on June 30, 1987 for all buildings and parcels in the Request for Proposals (RFP) for SENHI Phase I to:

Stephen Coyle, Director  
Boston Redevelopment Authority  
One City Hall Square  
Boston, MA 02201

All responses must conform to the submission requirements outlined in this Request for Proposals. Following an initial review of the submissions, additional information may be requested from competing teams. All financial information requested for individual team members shall be held confidential.



Bid Conferences will be scheduled to provide interested development groups with additional information on submission requirements.

### Eligibility

The RFP for SENHI Phase I solicits proposals for development of new housing units. Proposals may include incidental retail space.

All development entities are eligible to submit proposals for Phase I. Preference will be given to Minority Business Enterprises (MBEs), Community Development Corporations (CDCs), non-profit organizations, or Joint Ventures as described below. Preference will also be given to those development teams which employ MBE and CDC contractors in development-related areas.

Joint Ventures - Partnerships between or among MBEs, CDCs, non-profits and a majority developer in which the MBE, CDC or non-profit has at least 30% control and participation in the decisions and profits of the joint venture as set out in the Partnership agreement legally defining the joint venture. A copy of the Partnership agreement must be included in the submission and will be held confidential.

Minority Business Enterprises ("MBEs") - Firms that meet the following criteria and are certified as MBEs by the State Office of Minority Business Assistance (SOMBA):

1. Owners are members of a definable minority group.
2. Minority partners/shareholders must own at least 51% of the business.
3. Minority owners must have dominant control of the business.
4. Minority owners must be substantial investors in the business.
5. The business must be an on-going concern.

"Minority"... means a person with permanent residence in the United States who is:

Black American - Persons having origin in any of the Black racial heritage groups of Africa; or

Central/South American - Persons of Mexican, Puerto Rican, Cuban, Central or South American origin; or

Native American - Persons of American Indian, Eskimo, Aleut, and native Hawaiian origin; or

Asian-Pacific Americans - Persons of Chinese, Japanese, Taiwanese, Korean, Vietnamese, Laotian, Cambodian, Philipinos, Samoans, Guamanians, Northern Marianas, and the U.S. Trust Territory of the Pacific Islands origin; or

Asian-Indian American - Persons of Indian, Pakistani, and Bangladesh origin; or





Cape Verdean - Persons of the Cape Verdean Island origin who are of Black African heritage.

MBEs must be certified as having submitted application for certification as of the date of submission.

A copy of the MBE certification letter or proof of application from SOMBA must be included with submission.

Those applicants who wish to compete as MBEs but are denied certification from SOMBA are ineligible for this category in the competition.

Community Development Corporations ("CDCs") - An established non-profit organization that is controlled by residents of a specific community defined by a geographic area, organized for the purpose of community housing and economic development.

Evidence of CDC status is required in the submission.

Non-Profit Organizations - Organizations with 501(c)(3) tax exempt status.

A copy of the organization's articles of incorporation and evidence of tax exempt status must be included in the submission.



# Housing Production Process





The Commonwealth of Massachusetts is currently experiencing the logical outcome of unparalleled economic expansion - enormous pressure on the housing market. The Commonwealth's booming economy and the lowest unemployment rate in the nation (3.8%) have combined to produce an environment that is most conducive to the financing and construction of new housing. This is fortunate, because this time of economic opportunity is occurring when there is tremendous demand for housing brought about by the increasing rate of household formation of the "baby boom" generation and the trend toward smaller households composed of single people, widowed or divorced persons and the elderly.

The Massachusetts Housing Partnership or MHP, established in the spring of 1985 by Governor Dukakis, has developed a number of responses to this need and demand for housing. These responses are based on the principle that the way to reduce the pressure on housing prices is to increase the supply of affordable housing and to increase the supply of housing in response to the range of need that exists: from rental housing affordable to low-income families to homeownership opportunities for low- and moderate-income first time homebuyers. The programs that are developed respond to the range of need with varying levels of subsidy: from the shallow, below market interest rate subsidy of the TELLER Program to the assisted development and operation of public housing through the Commonwealth's Chapter 705, 689, and 667 Programs. The programs developed must also respond to the special needs of the handicapped and the diminishing mobility and increasing care needs of the elderly. In response, the MHP sponsoring programs through the Executive office of Communities and Development and other state agency affiliates that are targeted to meet specific needs.

Other programs supporting affordable housing are available through city agencies and private organizations. The following pages describe these other subsidy programs, as well as the Commonwealth's programs. Many of these housing subsidy programs were established prior to the 1986 Tax Reform Act. Some of the programmatic changes made to reflect the new tax laws may not be reflected in the following descriptions.

The rest of this section describes some of the actors in the housing production process, and the housing delivery system. The next section describes major programs available to nonprofit developers. Section 3 contains brief descriptions of other programs which support affordable housing production.

### The Housing Actors

The Executive Office of Communities and Development (EOCD): This is the principal state agency for housing and neighborhood matters. It has a broad mandate to act in the areas of housing, community development, urban renewal, local assistance and social and economic opportunity. EOCD contains three principal divisions; the Division of Municipal Development, the Division of Housing, and the Division of Neighborhood and Economic Opportunity (see chart). The Division of Housing administers the state's various housing programs. It also serves as a pass-through for federal funds under the



Section 8 program. In addition, this division oversees the management of existing state-aided housing units.

Executive Office of Communities and Development  
100 Cambridge Street  
Boston, MA 02202 (617) 727-7765.

Massachusetts Housing Partnership (MHP): MHP is an initiative of Governor Dukakis through the Executive Office of Communities and Development. The purpose of MHP is to maximize low- and moderate-income housing production through a deal-making procedure between the public and private sectors. The partnership is composed of representatives including bankers, developers, local and state officials, community-based nonprofits, interested citizens, real estate interests and housing professionals. The Partnership has five goals: 1) to reclaim salvageable, abandoned properties; 2) to redevelop for housing the 3,000 or so abandoned lots in neighborhoods throughout the state; 3) to strengthen housing programs for special needs populations; 4) to spur the production of additional multi-family and single-family housing; and, 5) to develop and stimulate new approaches to the preservation of new housing at affordable cost levels. The partnership is divided into five subcommittees that deal with Rental Housing, Responsible Growth Management, Home Ownership, At Risk Populations, and Urban Abandonment.

The Massachusetts Housing Partnership is committed to assisting local housing partnerships to achieve their goals by finding funding sources and furnishing resources and technical assistance. The MHP was formed early in 1985. It is supported by a \$35 million fund and may call on existing state housing and community development programs. For information: Massachusetts Housing Partnership (EOCD), Joseph Flatley, Director; Carl White, Senior Policy Analyst, 100 Cambridge Street, Room 1404, Boston, Massachusetts 02202 (617) 727-7824.

Boston Housing Authority (BHA): As defined by state law (Ch. 121B) BHA's purpose is to provide housing for elderly, persons, with special needs, and low-income families (see low-income definition in Appendix). BHA can buy, build, rehabilitate or lease and manage housing for low-income people. Boston Housing Authority: 451-1250.

Boston Redevelopment Authority (BRA): The BRA is responsible for housing, commercial development and planning activities in the City of Boston. As the city's planning agency, the BRA is not only responsible for zoning (as support staff to the Zoning Commission) and city-wide comprehensive planning, but also historic preservation, transportation, and economic research. In developing and administering its projects, the BRA provides staff in engineering, real estate acquisition, project administration, property management, urban design and relocation. Currently, the BRA is overseeing numerous large mixed-use development projects as well as major Zoning Code Amendments such as the Downtown Interim Overlay District. Boston Redevelopment Authority: 722-4300.

Massachusetts Housing Finance Agency (MHFA): Nonprofit or limited-dividend sponsors and developers of housing in Massachusetts can obtain construction and mortgage loans at interest rates lower than those of the normal market from the Massachusetts Housing Finance Agency. Essentially, this independent state agency is a bank in the business of making loans to build up the supply





of housing in Massachusetts for people of low-, moderate-, and middle-income through new construction or rehabilitation. It can make loans at lower rates because it raises money by selling tax-exempt bonds and notes to private investors. The major social goal of the agency is to produce housing developments for people of varied income levels and avoid the segregation of low-income people in exclusively low-income projects. By law, at least one-fourth of the units in any development financed by the agency must be for persons for low income. To achieve this mix, the agency utilizes federal and state rent subsidies and interest rate subsidy programs as well as scaling rents to make the development work economically. For information: Massachusetts Housing Finance Agency, 50 Milk Street, Boston, Massachusetts 02109 (617) 451-3480 or (1-800) 882-1154.

Nonprofit Sponsor: A nonprofit housing corporation is incorporated under state law which provides that it may not earn or pay a profit for its incorporators or owners. It can serve as mortgagor of housing developments built upon appropriate state and federal housing programs for persons of limited incomes and can receive state or federal subsidies for such housing.

Nonprofit Associations: The nonprofit mechanism for producing low- and moderate-income housing encompasses a varied group of actors and its importance in the development of housing is growing. Regional nonprofits such as The Massachusetts Nonprofit Housing Association (MNPHA), are good sources of information, Community Action Agencies (CAPs), Neighborhood Housing Services and nonprofits established to develop Section 202 developments, comprise a growing list of non-profit groups active in the development of low- and moderate-income housing field but too numerous to include in this publication.

### The Housing Delivery System

In the development of housing the functions and needs of the public and private sectors intertwine. There are many actors: in the public sector these include agencies and programs at the federal, state, and local levels; in the private sector, they include a myriad of developers and builders.

In the production of housing, at the state level, the Executive Office of Communities and Development has responsibility for the conceptualization, development and implementation of programs to construct public and private housing for rental and homeownership. Many of the housing programs are implemented at the state level by the Massachusetts Housing Finance Agency and at the local level, by local housing authorities. Locally elected officials in conjunction with local planning and development staffs are also involved in the housing development process.

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\* Except in the MHFA 80/20 program which requires that only 20 percent of the units be for low-income people.



The federal government has a hand in the housing development process through the Department of Housing and Urban Development and the Farmers Home Administration. The private sector is also a very active participant in the housing development process, through developers, builders, lenders, architects and engineers, real estate brokers and attorneys. The neighborhood itself is frequently involved in the housing development process, through a locally-initiated, nonprofit community development corporation.

Private businesses can also play an important role in the production of housing in their communities, perhaps by donating sites for development. By helping to increase housing opportunities in their communities, they will ensure that there will be adequate affordable housing for their employees.

### Public Rental Production Programs

The term "public housing" conjures up for most people the image of closely-packed, large brick buildings located in urban areas. Although such public housing, built in the post World War II era, fits this stereotype, the public housing being built today does not. The housing for low-income people being produced by BHA is designed to be compatible in scale and density with the neighborhoods in which it is developed.

All public housing is owned by BHA. Public housing tenants must have incomes well below the area-wide median. (The actual percentage below the median income depends on whether the development is state or federally funded.) Tenants pay 25% of this income for rent. The state, through EOCED, makes up the difference between that contribution and the actual costs to the housing authority to operate the housing. Elderly persons must be over 62 years of age to qualify to live in a development funded by the federal government and over 65 years of age to qualify to live in a development funded by state government.

1. Producing Elderly Housing - Elderly housing for low-income people is developed in Massachusetts through Chapter 667. This program provides funds to local housing authorities to develop housing for low-income elderly and handicapped persons. The types of housing created are for the most part, one-bedroom units or "congregate" facilities, described below.

Conventional apartment-like developments consist of independent living units. Residents share community and laundry rooms and reception space. In congregate living facilities, each resident has a bedroom and shares a living room, dining room and kitchen. For those who need them, additional support services are provided to residents in congregate housing. Five percent of the units in each elderly project must be specifically designed and made available to handicapped persons of any age. Also, the production of elderly public housing in a community is linked to the production of family public housing. Every proposal for elderly housing must contain a minimum of 12 family units, or a ratio of one family unit per three family units when more than 36 elderly units are requested. Every applicant for elderly housing must agree to apply for Chapter 689 funds within 90 days.



In 1985 approximately 110,000 elderly households were defined as being in "housing need", meaning that they were paying over 25% of their incomes for rent, or living in substandard or overcrowded units.

Some of this need can be set by the construction of Chapter 667 public housing for the elderly. Through the 1985 Housing Act, \$66.6 million is available to local housing authorities for the construction of elderly housing in 1986 and 1987. It is expected that 1,300 units will be developed with this funding.

For the construction of elderly housing through Chapter 667, communities are urged to find sites for new construction in downtown areas or buildings that can be adapted for housing reuse. Also, a minimum of 40 units must be applied for by a participating community. Fewer units may be requested in special cases.

2. Producing Family Housing - Funds are provided for the production of family housing units through a program known as Chapter 705. Through this program, local housing authorities construct scattered site housing for families in duplexes, or attached townhouses, or acquire or rehabilitate single-family homes, or convert buildings to housing use. The units are designed to be compatible in scale and density with the neighborhoods in which they are sited.

In 1985, approximately 243,000 families were defined as being in "housing need", meaning, again, that they were paying over 25% of their income for rent, or living in substandard or overcrowded units. Because of this great need, 120% greater than the elderly housing need, Chapter 705 program emphasis is on the construction of new units, that contain at least three bedrooms, to meet the particularly difficult housing problems of larger families.

In the 1985 Housing Act, \$101 million is allocated for the development of family housing by local authorities in 1986 and 1987. A total of 1,400 new family housing units are expected to be developed with this funding.

For the construction of 705 family housing, communities are urged to identify no more than two sites on which 12 or more units can be constructed. A maximum of 24 units may be developed on one site. Additional buildable lots with street frontage will be considered if they are donated. There is no limit to the number of units for which a housing authority may apply. Sites that are located near community services and with existing infrastructure are especially favorable. Chapter 705 monies can also be used to acquire single-family homes, multi-family buildings, or condominiums, in certain circumstances. The development of family housing for low-income households is a challenge that must be met by all communities across the Commonwealth.



3. Producing Housing for Persons with Special Needs - A program known as Chapter 689 provides funds to local housing authorities to develop small-scale housing for physically or mentally handicapped or otherwise vulnerable persons. In recent years, funding provided under this program has also produced housing and necessary services for the frail, elderly, abused, and alcoholic dependent individuals, and women and children in transition. The program can also be used to fund the development of shelters for the homeless.

Housing can be provided by this program in an array of settings, including community residences, staffed apartments, shelters, recovery facilities and wheelchair accessible multi-bedroom apartments. The construction of new housing is preferred because of design and operational facilities, although existing structures can be rehabilitated or adaptively reused.

A crucial element to the provision of special needs housing is the combination of housing production and services. Housing under this program is usually produced by a collaborative effort on the part of the local housing authority and a human service agency. The human service agency must be approved by the Executive Office of Human Services.

The 1984 Housing Act provides \$30.3 million in funding to produce special needs housing under Chapter 689. This funding is expected to create 800 units of housing in 1986 and 1987.

4. Special State Rental Assistance Program - There are two programs that help income-eligible tenants pay rent in privately-owned housing: the state Chapter 707 Program and the federal Section 8 Program. Both of these programs allow tenants to live in private housing of their choice, rather than in public housing developments. The rental assistance certificate is issued to the tenant and, therefore, goes with the tenant if that individual moves.

The Chapter 707 Program is administered through local housing authorities or nonprofits under contract with EOCD. Eligible persons locate housing and contract with landlords for a rental subsidy. Tenants pay no more than 25% of their income for rent. Participating property owners are paid the subsidy directly by the local housing authority.

Federal Section 8 Rental Assistance is provided through MethAP - the Metropolitan Housing Assistance Program. MethAP is one of several regional subcontractors that issue Section 8 statewide mobile certificates to eligible low-income families. The statewide mobile Section 8 certificates can be used for rental housing anywhere in the Commonwealth.

Except for statewide mobile Section 8 certificates issued by MethAP, Chapter 707 and Section 8 certificates must be used within the locality in which they were issued.





For more information regarding specific public housing development programs, contact the following individuals at the Executive Office of Communities and Development at the telephone numbers indicated.

Elderly Housing - Dorothy Altman (617) 727-5884

Family Housing - Suzanne Barclay (617) 727-5884

Special Needs Housing - Robert Nason (617) 727-5884

Rental Assistance Program - Ann Anderson (Chapter 707), (617) 727-7132 or

Mary Anne Mates Morrison (617) 727-7132 (Section 8)

### Private Rental Production Programs

The state also has several programs that can be used to create private rental housing in a community. Two of these programs: SHARP and TELLER are designed to produce private, mixed-income, rental housing. Chapter 707 and Section 8 Moderate Rehabilitation program are used to rehabilitate private rental housing. The CORE FOCUS Program combines several state programs to produce rental housing.

1. State Housing Assistance for Rental Production (SHARP) - SHARP is a state-funded subsidy loan program designed to stimulate the production of privately-owned rental housing in Massachusetts in which at least 25 percent of the units are to be occupied by lower-income households; households earning 50 to 64 percent of the areawide median income limits. The programs is now two years old and, to date, has been responsible for adding 5,880 units into the rental production pipeline, with another 6,500 unit commitments anticipated to be made.

SHARP is a shallow subsidy program, that combines construction and permanent financing from the sale of tax-exempt bonds through the Massachusetts Housing Finance Agency, with a state-funded subsidy loan that writes down the interest rate on the MHFA loan to as low as five percent for a term of up to 15 years. Low-income apartments in market rent developments are being created by the SHARP program for as little as \$2,000 a unit, compared to typical apartment expenditures of between \$8,000 and \$10,000 under the old federal Section 8 new construction program.

The amount of SHARP subsidy awarded to a development is based on the difference between the true cost of producing rental housing and the rents which can be attained in the market area. Funds are awarded as a loan, not a grant, with the expectation that SHARP-assisted development will become self-sustaining within 15 years. At the end of that period, SHARP funds are repaid to the MHFA. They can then be used to provide ongoing assistance to low- and moderate-income residents of the development or to promote the development of more rental housing.

Because of the acute need for low-income housing in Massachusetts, at least 25 percent of the units in SHARP-assisted developments must be reserved for lower income households. Developers must market these units to holders of either federal Section 8 or state Chapter 707 rental assistance certificates. This enables those households to pay only 25 to 30 percent of their income for rent. If certificate holders cannot be



found to rent the units, then "back-up" Chapter 707 rental assistance is provided to the development and the units are marketed to income eligible households.

2. Tax Exempt Local Loans to Encourage Rental Housing (TELLER) - The TELLER Program was created legislatively in 1984 to give local housing authorities the option of issuing tax-exempt bonds to finance privately-owned mixed income rental housing. Developments financed by housing authority TELLER bonds must have 20% of their units reserved for low- and moderate-income households, (households earning less than 80 percent of the areawide median income limits) with the remaining 80% of the units available at market rents. Just getting underway, over \$54 million in bonds have been issued by housing authorities to date. In 1985 and 1986, this financing resulted in the creation of over 1,100 new or substantially rehabilitated housing units in six communities across the Commonwealth. Another 1,000 units are expected to be created under the TELLER program in 1987 and 1988.

TELLER can be successfully combined with other programs to produce lower cost rental housing. The most notable example is the combination of Chapter 707 or Section 8 Rental Assistance certificates to reduce the cost of the housing for eligible low-income households. State Chapter 707 and federal Section 8 moderate rehabilitation funds and Community Development Block Grant funds can also be combined with TELLER bond financing to produce more affordable rental housing.

3. Moderate Rehabilitation - Two programs, Chapter 707 Moderate Rehabilitation and Section 8 Moderate Rehabilitation also provide a guaranteed stream of rental income that enables owners to obtain and repay rehabilitation of financing of rental units. The Chapter 707 Moderate Rehabilitation program provides a five year commitment of an increased rental subsidy for each rehabilitated unit. The Section 8 Moderate Rehabilitation program provides a fifteen year commitment of an increased rental subsidy. The increase can be as much as 20 percent above fair market rents. During the term of the contract the rehabilitated unit must be occupied by an eligible low-income family.

For more information regarding specific private housing development programs, contact the following individuals at the telephone numbers indicated.

SHARP - Frank Creedon at MHFA (617) 451-3480

TELLER - Gail Monahan at EOCD (617) 727-7130

#### Moderate Rehabilitation

Chapter 707 - Ann Anderson at EOCD (617) 727-7132

Section 8 - Mary-Anne Mates Morrison at EOCD (617) 727-7132

or

HUD Multi-family Housing Division - (617) 223-4162

or

your local Housing Authority or Community Development Department.



## Homeownership Production Programs for Affordable Housing

High on the priority list for the Massachusetts Housing Partnership is the task of increasing the supply of affordable homes for first-time homebuyers of low and moderate income.

1. Massachusetts Housing Partnership Homeownership Opportunity Program - A total of \$20 million of the Massachusetts Housing Partnership Fund will be dedicated to the production of single family homes for homeownership. This new concept, the Massachusetts Housing Partnership Homeownership Opportunity Program, is expected to produce 2,500 units over a two year period. Purchase prices of all units produced by the MHP Homeownership Opportunity Program will be well below the statewide median purchase prices of newly constructed homes. Purchase prices will be reduced even further on at least 25 percent of the units produced.

In addition to setting aside this \$20 million, the state has also set aside \$5 million in Community Development Action Grant funds to construct sewers or roads associated with the housing developed. These funds will be used by municipalities to reduce the price of the housing produced.

The Massachusetts Housing Finance Agency (MHFA) will make \$200 million of below-market interest rate financing available to this single-family housing production initiative over the next two years.

Developers will be required to sell 25 percent of the houses created at significantly below-market prices. The below-market priced homes are targeted to be affordable to households with incomes 30 percent below the median income of MHFA new construction homebuyers, or between \$18,000 and \$33,000. Target unit prices will be approximately \$60,000 to \$90,000, a full 40 percent below the current median selling price of a new home in Massachusetts. The remaining 75 percent are also to be sold at below-market prices and are targeted to be affordable to households earning between \$25,000 and \$41,000 a year. These homes will be sold at approximately 30 percent below the current median selling price of a new home in Massachusetts.

This unique program will result in the production of affordable housing and will enable 2,500 young families and single individuals to purchase their first home.

Call EOCD - 727-7824.



## Other Programs to Combine Rental and Homeownership Production

Several federal and state programs that can be combined with several of the housing programs mentioned above are described in this section. These descriptions are followed by examples of how all of the programs described in this guide can be combined and used to produce affordable housing by local housing partnerships.

1. Urban Development Action Grants (UDAGs) - This program encourages private investment and development in distressed urban areas, through the leveraging of private funds with federal dollars. The federal funds can be used to provide direct loan assistance to developers or they can be used to finance public construction to facilitate private efforts.

The program is limited to communities that meet HUD's "distress" criteria. Activities eligible for funding can be virtually any component of a development program that is tied to a private commitment. Typically, HUD looks for projects which "leverage" private commitments equal to at least five or six times the public investment.

Applications are accepted quarterly, with metropolitan city applications received during the first month of each federal quarter. Small cities, cities with a population of less than 50,000, submit their applications during the second month of the quarter.

The "distress" criteria that HUD uses to determine eligibility include age of housing, unemployment, and population decline. The community must also have demonstrated progress in providing housing and employment opportunities to low income people.

2. Community Development Action Grants (CDAGs) - The CDAG program is a valuable development tool offered by the Commonwealth to support projects aimed at attracting and leveraging private investment, creating new employment opportunities and revitalizing distressed areas in cities and towns throughout the state.

EOCD has responsibility for the administration and implementation of CDAG. The program is funded by general obligation bonds of the Commonwealth. Local communities can apply for CDAG funding to finance a portion of a new housing development that will be publicly-owned such as roads and sewers.

Applications must be for a specific grant amount to fund a particular initiative. CDAG applications are limited to one per community in each funding round. Funding cannot exceed \$2.5 million in any one round. All projects must show a private to public CDAG leverage of at least 2.5 to 1. The \$20 million in CDAG funding provided in the 1985 Housing Bill includes a \$5 million set-aside for public investment needs for housing development that will be used in both the Abandonment Initiative and the MHP Homeownership Opportunity Program.





3. Weatherization and Fuel Assistance - The Office of Energy Conservation (OEC) operates within the Neighborhoods Division of EOCD. The OEC, which administers nine programs from four different funding sources, has an operating budget for FY '86 of \$20 million. OEC programs are operated through 20 subgrantees, primarily Community Action Agencies, that service the entire state year-round. The programs offer full-scale weatherization and heating system services for homeowners and tenants with incomes up to 175 percent of poverty level.

The Office of Fuel Assistance (OFA) administers the federally and state funded Low Income Home Energy Assistance Program (LIHEAP). The LIHEAP program provides energy assistance in the form of payment of energy bills and conservation services for low income households up to 150 percent of the poverty level. Funds are contracted to local community-based agencies, primarily Community Action Agencies, for actual provision of services across the states,

For more information regarding the above programs, contact the following agencies at the telephone numbers indicated:

Urban Development Action Grants - U.S. Department of Housing and Urban Development - (617) 223-4184 or Boston Redevelopment Authority (617) 722-4300

Community Development Block Grant Funds - if you live in an entitlement city, contact your local community development department

Massachusetts Development Action Grants - David Drosnick at EOCD (617) 727-3197

Weatherization - Office of Energy Conservation - Bill Concannon (617) 727-6964

Fuel Assistance - Office of Fuel Assistance - Marc Young (617) 727-3246



# Major Housing Programs





-- INFORMATION --

Name of Program: Homeownership Opportunity Program (HOP)

Administrative Agency: Executive Office of Community & Development City of Boston Public Facilities Department (PFD), Massachusetts Housing Partnership (MHP) and MHFA. Contact: Tom Harden (PFD).

Type of Funding: Permanent financing for people buying homes (including condominiums) through nonprofit developers

Source: MHFA (sale of bonds) and state appropriation to reduce interest rates

Program Purpose/Objectives: To provide homebuying opportunities, through low interest mortgages, to moderate income families

Description: This program is designed to assist the first time homebuyer, although in targeted communities like Boston, any homebuyer who meets the income limit is eligible. Under the program, developers of newly constructed housing, and housing created through rehabilitation of abandoned structures or conversion of nonresidential buildings sell the units to qualifying people, who use HOP to finance the purchase of their home. Through HOP, funds from the Massachusetts Housing Partnership (MHP) are used to write down the interest rate on MHFA loans to as low as 5%. EOCD provides funds for infrastructure improvements to lower construction costs. Currently, funds are set aside for each community; in Boston, the set aside is overseen by the Public Facilities Department.

Maximum Purchase Price: For very affordable homes up to \$86,000 for a 2-bedroom unit, \$98,000 for a 3-bedroom unit, and \$110,000 for 4 or more bedroom units. Affordable homes may be priced above the very affordable limits, but must be below \$110,000.

Affordability Requirements: At least 25% of the units in a HOP development must be affordable to households with incomes 30% below the median income for MHFA new construction homebuyers (see Appendix, page ?).

Resale Controls: Homeowners may sell their home, but the return on their investment is limited through deed restriction.

Application Deadline: The City of Boston has \$7-8 million (in terms of MHFA mortgages) remaining, and there are currently projects in process which will draw on these funds. Although there is still some uncommitted money, PFD expects all of the existing funds to be committed by the end of summer. An additional \$15 million has been allocated to the program state-wide, however, the state is considering switching from the set-aside system to a state-wide competition system for distributing funds to projects. Currently, applications for HOP funds are considered on a "rolling review" basis, and the review period is about 90 days.



## MHP HOMEOWNERSHIP OPPORTUNITY PROGRAM

### INTRODUCTION

In January, Governor Dukakis announced a statewide Homeownership Opportunity Program to give moderate-income households their first chance to buy and own a home. With the state's strong economy, there are substantially more people who are ready to buy their first home than there are homes available for purchase. The purpose of this program is to reduce costs for first-time homebuyers by adding to the supply of affordable housing.

The state has combined \$20 million from the Massachusetts Housing Partnership Fund with \$200 million in Massachusetts Housing Finance Agency (MHFA) financing to allow 2,500 moderate-income families to purchase their first home at substantially reduced interest rates. Governor Dukakis proposed in late April that an additional \$100 million be allocated to the homeownership program, subject to legislative approval, from surplus state revenues. These proposed new funds, combined with approximately \$1.2 billion in public and private mortgage financing, would support the production of an additional 12,000 homes.

The Homeownership Opportunity Program is initially providing mortgages as low as 5 1/2 percent for homes with selling prices substantially below what the private sector alone can produce. The mortgages are provided by MHFA through local banks and are available for projects that are submitted by cities and towns and approved by the Massachusetts Housing Partnership.

### KEY PROGRAM ELEMENTS

A number of elements make the Homeownership Opportunity Program different from all previous state housing initiatives:

- It is largest homeownership program in Massachusetts history; providing first-time buyers with the lowest mortgage interest rates in decades.
- It is sensitive to local needs. Cities and towns have broad discretion to work with developers to determine the size, type, and location of new developments and the criteria for selecting home buyers.
- It achieves reduced development costs through the participation of government; including donation of municipal sites, increases in allowable density, and expedited permit approvals.





- It is production oriented. All homes financed through the program are newly constructed or converted from vacant structures.
- It provides home buying opportunities across a wide range of incomes; targeted to households with incomes between \$17,000 and \$27,000 who have few options in today's home buying market.
- It is producing homes that will continue to be affordable; through deed restrictions that give purchasers a substantial return on their investment while keeping the purchase price low for subsequent buyers.
- It recycles funds to assist future home buyers; with loan repayments channeled through a revolving fund to reduce interest rates for thousands for additional, first-time buyers.

#### PROGRAM SUMMARY

The following is a brief summary of the Homeownership Opportunity Program. For complete details please refer to the program guidelines accompanying this fact sheet.

#### Purchase Price Limits

The Homeownership Opportunity Program is producing new homes in several categories, ranging from affordable to market rate housing. Direct financial assistance will be provided to qualified purchasers through reduced rate mortgages. At least 25% of the homes in each development must be affordable by program standards; with a 1:1 ratio between homes that are very affordable and affordable.

Very Affordable homes will sell within the following price range:

- In Greater Boston (including Suffolk and parts of Middlesex, Norfolk, Plymouth, Essex, Bristol and Worcester counties). Up to \$86,000 for a 2 bedroom unit, \$98,000 for a 3 bedroom unit, and \$110,000 for 4 or more bedrooms.
- In all other communities. Up to \$78,500 for a 2 bedroom unit, \$90,500 for a 3 bedroom unit, and \$102,500 for 4 or more bedrooms.



These homes will be available with 30-year, graduated payment mortgages for qualified buyers. The initial monthly mortgage payments for a 2-bedroom home (including property taxes and insurance) range up to about \$675 per month at an initial mortgage rate, presently at about 5 1/2 percent. The interest rate gradually increases over the first 10 years of the mortgage until it reaches the prevailing interest rate of MHFA mortgages (generally 8%-9%).

Affordable homes may be priced above the previous limits, but below \$110,000 and will qualify for 30-year, fixed rate mortgages from MHFA (currently with an interest rate of about 8.5%) for all eligible homebuyers. Mortgage payments for these homes (including property taxes and insurance) will range up to about \$1,050 per month at these interest rates.

In addition to these types of units, two other categories of homes are often included in a HOP development. Market rate homes, priced above \$110,000, may be sold at whatever price can be obtained to purchasers with conventional financing from private lenders. Units may also be bought by the local public housing authority, contingent upon state public housing acquisition guidelines, and rented to qualified low income families thereby providing another much-needed source of affordable housing.

#### Qualified Purchasers

Each community participating in the Homeownership Opportunity Program may propose its own eligibility requirements in accordance with state guidelines. Potential home buyers are subject to the following income limits:

- Very Affordable homes (eligible for substantially-reduced interest rates as described earlier) are available exclusively for households with incomes below \$27,000 (or below \$25,000 outside of the Boston area). These are limits for a household of four or less and are increased by \$1,500 for each additional dependent.
- Affordable homes are available for households with incomes between \$25,000 and \$35,000. This upper limit applies to the first household member and is increased \$5,000 for the first dependent and \$1,500 for each additional dependent.

To be eligible a purchaser must be buying a home for the first time and must also meet conventional lending requirements such as having a steady income and good credit history. Persons qualify to purchase a home based on their income without regard to marital status.



Each homebuyer will pay at least 5 percent of the purchase price as a down payment and about 3 to 4 percent of the price in additional "closing costs". At the time of purchase a buyer's mortgage payment may not exceed 28 percent of gross monthly income.

#### Purchaser Selection

The opportunity to purchase one of these new homes is granted through an open, locally advertised process (generally a lottery) in the community where each development is located. Cities and towns may, in agreement with the developer, set aside some units for certain applicants such as local residents or persons employed in the community. There are also affirmative action guidelines and opportunities in each development for those who are not presently local residents.

Every project developed under the Homeownership Opportunity Program will be publicly advertised when units are ready for purchase. Some cities and towns may also choose to keep mailing lists to notify interested persons when homes become available.

#### Resale Requirements

Everyone who purchases a home through the Homeownership Opportunity Program benefits as their home increases in value. There are two elements of the program that ensure that the newly created homes will always be affordable to moderate-income households:

- When each home is resold, the resale price is limited to a percentage of the home's market value. For example, if a home was purchased for \$75,000, and its appraised market value at the time of purchase was \$100,000, the resale percentage is permanently established at 75 percent. When the home is resold it will be appraised again and may be sold to a qualified buyer for up to 75 percent of its new appraised value.
- Purchasers of Very Affordable homes (with substantially reduced interest rates) will also have to repay a small portion of the increased value of their home when it is sold or refinanced. The repayment will not exceed 20 percent of the allowed appreciation or the actual amount of interest subsidy from the MHP Fund used to reduce the initial interest rate on the mortgage. These repayments will then be used to help others purchase their first homes.



### Siting and Construction

The new homes created through the Homeownership Opportunity Program may be "detached" single-family homes, duplexes, or condominiums and may be newly-constructed or renovated from previously unutilized space. They have various numbers of bedrooms to accommodate households ranging from single individuals to large families. It is up to the city or town, working with a private developer, to determine what type of housing will be built on a particular site.

The sites for these new homes are chosen by cities and towns in cooperation with private or non-profit housing developers. There are significant opportunities for public participation in this process. In order to reduce the cost of these new homes, many are being built on property that is donated by a city, town, or community organization. Others are being built on land owned by private developers. These developments may be as small as 2 or 3 units or as large as several hundred.

### Next Steps

Interested home buyers should urge their local elected officials to become involved with the program and should ask at city or town hall if there is a committee, task force, or other local partnership working to provide more affordable housing in their community. If so, they should become involved with this local group in starting a community homeownership project. If not, they should help create such a partnership through local elected officials or through a local church, synagogue, community organization or civic committee.

Interested builders and developers should contact local officials in the communities where they would like to produce affordable homes. Local contacts in more than a hundred cities and towns that have expressed interest in the Homeownership Opportunity Program are enclosed with this fact sheet.

Interested cities and towns should form a local housing partnership. If they have not already done so, to examine local resources (such as zoning revisions or development of municipal land) that can make new homes more affordable, and work with private and non-profit developers to put together a specific homeownership project.

For further information, please call 617/727-7824 or write to the Massachusetts Housing Partnership, 100 Cambridge Street, Room 1404, Boston, MA 02202.





# HOMEOWNERSHIP OPPORTUNITY PROGRAM APPLICATION PROCESS (cont.)

## STEP 4

- Secretary, attorney, owner preliminary approval letter to local official and developer
- mofa receives copy of approved letter and mortgage documents from developer
- Pre-application conference with developer outlining mofa's requirements for commitment approval
- Developer submits application and all related documents to mofa for review
- Simultaneously, developer begins work to secure financing and approvals at the local level
- Intermediate review of development team
- Developer secures conventional construction financing

## STEP 5

- Management Dept. reviews Development Budget
- Local Dept. reviews mortgage documents
- FD Department reviews Fair Marketing Plan
- Design & Loan Dept. reviews drawings for adherence to minimum construction standards
- If a snap/cash subject, the Primer mortgage underwritten Committee determines
- Single family staff reviews and recommends approval
- Single family staff/ Primer mortgage staff is the Review Committee

SINGLE FAMILY STAFF  
• RECOMMENDS APPROVAL TO THE  
SINGLE FAMILY ADVISING  
GROUP COMMITTEE

mofa receives completed  
aside application from  
development staff  
(valuation etc)

## STEP 6

- Construction monitored by mofa's Design & Loan Dept. for adherence to minimum construction standards and Construction Program
- FD Department monitors the affirmative fair marketing plan
- Buyers selected and prearranged and by community or developer
- Selected buyers sent to lenders to complete mortgage application with mofa's assistance. mofa's service meeting obligation

LOANS (LOST) OF  
AFFIRMATIVE MORTGAGE  
LEADS

CONSTRUCTION OF  
UNIT'S BEGIN

## STEP 6

mofa sends covers final  
approval to a subject  
for a commitment. Subject  
affirmative fair  
marketing plan

## STEP 9

mofa purchases  
LOANS



# HOMEOWNERSHIP OPPORTUNITY PROGRAM APPLICATION PROCESS

## STEP 1

- Community officials & residents are notified through newspaper and radio in local edition
- Municipality applies for designation as a Partnership Community
- MAP reviews community's application

MAP Grants partnership proposal to municipality

## STEP 2

- Community develops plan to meet housing needs, and begins to implement
- Community reviews app preliminary proposals from private or public developers

Community submits development proposal to MAP for review

## STEP 3

- MAP reviews the Preliminary app and makes recommendations a copy to MAP
- MAP/MRA concurrently review and modify the proposal
- MAP modifies map in accordance with the app or if more than 20% of problems

MAP Grants preliminary approval to progress of project to the municipality of MAP. MAP follows MAP/MRA guidelines

Continued on next page

- If community approves project, go to Step 3
- If Community does not approve project
- Developer can apply directly to MAP for approval
- If a developer wants a development permit, he should request a meeting with local zoning board or council
- 2000 rezoning hearing within 30 days
- If refused by 2000, developer can appeal
- Developer can appeal to the local zoning board, which is then reviewed by the community to hear 100% low income housing
- Developer applies for site evaluation or MAP
- Developer applies to zoning board for rezoning Special Permit for Comprehensive Permit
- Developer can appeal to the zoning board if refused, and then file appeal
- Meeting Special Policy hearing within 30 days of filing
- Committee approves/denies rezoning Comprehensive Permit within 45 days
- If approved go to Step 3



-- INFORMATION --

Name of Program: Chapter 705 Family Housing Program

Administrative Agency Boston Housing Authority

Contact: Ginny Guild, Boston Housing Authority 451-1250

Type of Funding: Subsidy to Capital Costs through sale of affordable units to BHA

Source: EOCD capital grants to BHA

Program Purpose/Objectives: To provide adequate and affordable housing for families on scattered sites owned by BHA. Emphasis in on new units that contain at least three bedrooms.

Description: BHA is very interested in using the 705 program in SENHI. Under 705, BHA can buy units in a project. BHA would then own (and perhaps manage these units) these units permanently. BHA may acquire single-family homes, or units in multi-family buildings. Units must have 2 or more bedrooms. BHA is limited to 1/3 of total units on a site, with a maximum of 24 units on any one site. BHA cannot make a firm commitment until construction is complete, however, they will issue a "letter of intent" or sign a "right of first refusal" letter which may be used to get construction financing.

High priority is placed on using these funds for new construction. 705 can be combined with Chapter 667 program funding. One of the goals of this program is to give tenants maximum responsibility for the maintenance of their units, yards, and parking spaces. Since tenants are responsible for paying their own heat and utility bills, emphasis is placed on building energy efficient units (see EOCD's weatherization and energy conservation program on page ? for related funding).

Maximum Loan/Grant: 705 is a form of equity participation, because BHA becomes a part owner of the project. BHA can spend a maximum of \$90,000 for a 2-bedroom and \$110,000 for a 3-bedroom. They may also exceed these maximums by 10% for 20% of the units in any development.

Affordability Requirements: All units owned by BHA would be affordable to low income residents, according to BHA definitions.

Resale Controls: N/A

Application Deadline/Availability of Funding: Rolling Review Process. BHA currently has about 50 uncommitted 705 units. The next round of 705 funding will happen this summer, and BHA expects to get more than the 125 units they were awarded in the last round. BHA does not expect a shortage of 705 funding.





**BOSTON HOUSING AUTHORITY**

52 Chauncy Street  
Boston, Massachusetts 02111

617-451-1250

**CHAPTER 705 DEVELOPMENT  
CONDOMINIUM ACQUISITION PROGRAM**

The Boston Housing Authority has received an award from the state Executive Office of Communities and Development (EOCD) for acquisition of condominium units through the Chapter 705 public housing program. This funding award represents an exciting opportunity for the BHA to provide affordable housing for low-income families in mixed-income residential developments. The BHA is interested in purchasing two-bedroom and three-bedroom condominium units, preferably in new construction or substantial rehabilitation projects.

The Executive Office of Communities and Development (EOCD) has established maximum purchase prices of \$90,000 for two-bedroom and \$110,000 for three-bedroom C.705 condominium units. EOCD has also granted the Authority the flexibility to exceed these cost limits by ten percent (10%) for twenty percent (20%) of units purchased. In this regard, BHA policy guidelines allow for a maximum of twenty percent (20%) of condominium units within a development to be purchased at the higher prices.

BHA policy guidelines for Chapter 705 condominium acquisition preclude purchase of more than one-third of the total number of units in any one development. However, if an entire building is available for sale to the BHA the Authority would be interested in purchasing all the units. The BHA will negotiate purchase prices for all units on a project-specific basis subject to EOCD approval and validation of the purchase prices through two (2) independent appraisals.

Acquisition Process

Typically, the C.705 condo acquisition process is initiated by the developer for projects which are in final planning stages or under construction. At this point, BHA representatives meet with the developer to review architectural plans and discuss proposed sales prices for units offered. The Authority forwards a letter of interest indicating an intent to purchase the agreed upon number and type of units at specified prices, subject to EOCD approval.





Developers are requested to submit the following documents for BHA review in order to formalize the purchase and sales agreement:

- Master Deed and Unit Deed(s);
- Declaration of Trust, including rules and regulations;
- Projected Monthly Maintenance Fees; and,
- Proposed Common Areas Budget.

The Authority forwards these documents, with a general project description and the architectural plans, to EOCD for approval. The purchase and sales agreement is executed when the following provisions are satisfied:

- Completion of the units based on plans submitted;
- BHA and EOCD inspection of the units to be purchased;
- Issuance of an occupancy permit; and;
- Appraisal certification that unit value is not less than the stated purchase price.

### Management

If a management company has been engaged by the developer to manage the condominium project, the BHA can contract with that firm for maintenance of BHA units. Alternatively, maintenance of BHA C.705 condominium units will be provided through assigned BHA management crews. The BHA management approach will be determined on a project-specific basis in terms of the most effective and cost-efficient means of providing timely responses to maintenance needs of C.705 condominium units.

### Tenant Selection

It is the objective of the Authority as well as those developers participating in the C.705 Condominium Acquisition Program, to ensure that selected BHA tenants are able to assume the unique responsibilities of living in a condominium setting. Toward that end, the BHA is finalizing a Tenant Selection Plan which will include procedures for evaluating the ability of applicants to function independantly without on-site staff assistance, undertake minor maintenance and repairs and co-exist peacefully with their neighbors.

The Authority welcomes your interest in the BHA C.705 Condo Acquisition Program and encourages you to contact Ginny Guild at 451-1250 ext.296 for further discussion of your proposed projects.



-- INFORMATION --

Name of Program: Chapter 707 Rental Assistance

Administrative Agency: Boston Housing Authority and EOCD  
Contact: Ann Anderson (727-7132) (EOCD).

Type of Funding: Rent subsidy program  
Source: EOCD

Program Purpose/Objective: To help individuals and families live in private moderate rental units they otherwise could not afford

Description: The 707 program is similar to the Federal "Section 8"/Housing Voucher program. Under Chapter 707, funds go through BHA to landlords who rent to people who qualify for public housing but cannot be accommodated in existing developments. There are three programs within 707: 1) the scattered site program in which clients find housing in the private market; 2) MHFA, in which units are set aside in MHFA developments for rental assistance clients; and 3) moderate rehabilitation which involves guaranteed income to owners by assigning them rental assistance units, which will then enable the owners to obtain financing and repay rehabilitation costs for their property. Under moderate rehabilitation, property owners locate outside sources of financing, but they receive assistance on project packaging (including cost estimates, bidding, and locating financing) from the administrating agency once the owners' proposals for 707 units have been approved. The minimum rehabilitation per unit is \$5,000.

Maximum Allowable Rents (MARs): See Appendix.

Affordability Requirements: Income of 707 tenants must be 64% or less of the median income (see Appendix). Tenants pay no more than 25% of their income for rent.

Resale Controls: Units may be sold, but new owner must maintain previously determined affordable rents. Rent subsidy remains in effect for 5 years, with the option to renew for 2 additional 5-year commitments.

Application Deadline: Rolling review, for fiscal year 1988 (beginning July 1), EOCD has 600 leveraged units (707 units) for the Commonwealth.



## RENTAL ASSISTANCE PROGRAM

PROGRAM SUMMARY

The Rental Assistance Program was created by Chapter 707 of the Acts of 1966. It provides rental subsidies to low-income households to enable them to live in private market rental housing while paying no more than 25 percent of their income for rent.

The program is coordinated through EOOD's Chapter 707 office, and administered by local housing authorities or non-profit housing corporations, on behalf of EOOD, where no housing authority is available. Clients of each local agency are either offered an existing unit (which the Agency currently has under lease in the private market) or are offered a "Certificate" which allows them to find the apartment of their choice. The Bureau of Rental Assistance, which administers the Program within the Executive Office, publishes a schedule of Maximum Rent Levels. Local administering agencies use this schedule as a guide when looking for moderate rental housing in their community. Each new unit under the Program must then be certified as meeting the Sanitary Code by the Local Health Inspector.

The Rental Assistance Program provides leased housing to eligible households through three programs: Scattered-Site - where rental housing is found by or on behalf of the client in any location within the community; MHFA - where a specified number of units are set aside for rental assistance clients within an MHFA Development; and Moderate Rehabilitation.

The Moderate Rehabilitation Program (1) increases the supply of standard housing available to low-income households by providing a guarantee of a rental income to the owner to repay rehabilitation costs incurred in making necessary improvements and (2) provides rental assistance to low-income households to help them afford the rent of these units. This program offers an opportunity to local officials to become more involved in the delivery of assisted housing resources in their communities and to coordinate the selection of neighborhoods with locally planned neighborhood revitalization efforts.

KEY ELEMENTS OF THE MODERATE REHABILITATION PROGRAM

- o Eligible Activities and Housing Types

The program seeks to have maximum neighborhood impact by stressing the objective to compliment other neighborhood revitalization efforts. Within the basic framework and regulations of the program, local agencies have the flexibility to design programs unique to their needs. Any type of rental housing may be assisted, from single family dwellings to high-rise units.

- o Property Upgraded

An owner's property is upgraded in accordance with Chapter II of the State Sanitary Code and its value increased.

- o Energy Conservation

Energy conservation improvements are eligible rehabilitation costs.



o Adequate Rents

Contract rents for units assisted under the program are set based on an analysis of owner operating expenses and allow a reasonable profit on owner equity.

The monthly expense of amortizing the owner's rehabilitation loan is specifically included in the rent calculation.

The program provides for regular annual rent adjustments to keep pace with general cost increases.

o Timely Payment of Rent to Owner

The tenant's portion of the rent equals 25 percent of family income, an affordable amount which increases the likelihood of prompt monthly payments to the owner. The administering agency automatically pays the remainder of the rent, on a monthly basis.

o Reduced Vacancy Losses

The owner is entitled to receive a vacancy payment when a tenant vacates the unit. Also, the program compensates owners for tenant damages or unpaid rents up to a maximum of two months' rent.

o Current Tenant May Be Assisted

Assistance can be provided to current eligible low-income tenants.

o Assistance During Rehabilitation

The administering agency will help the owner prepare work write-ups, obtain and evaluate contractor bids, apply for financing, monitor construction quality and other program activities.

o Owners' Rights and Responsibilities

The participating owner's basic rights are the same as those he/she exercises normally as an owner. The owner hires a contractor to complete required improvements and borrows money to pay these costs. During the term of the lease agreement, the owner enters into leases with eligible tenants referred by the administering agency. The owner is responsible for maintaining the unit in good condition. Tenants can be evicted for cause, according to the terms of the lease and applicable landlord-tenant laws.

o Potential Tax Benefits

Potential opportunity for five-year depreciation of improvements. (An owner should contact a tax consultant for information concerning the tax benefits of rehabilitating residential property for occupancy by lower income tenants.)





## IMPLEMENTING THE PROGRAM

### o Allocation of Units

Units are allocated to eligible agencies based on management capability and need within the community.

### o Administrative Plan

Participating agencies must submit an Administrative Plan (as described in the suggested format) to EOCD for approval.

### o Execute ACC

The execution of Annual Contributions Contracts (ACC) will occur after the submission and approval of an Administrative Plan.

### o Operating Procedures/Execute Subcontract

Finalize the division of responsibilities and operating procedures. Execute an agreement with the subcontractor.

### o Public Notice to Proposal Selection

Conduct owner, lender and contractor participation. Review and screen owner proposals. Complete preliminary feasibility analyses, including determination of family eligibility. Rank and select final proposals. Submit building proposals to EOCD for review and possible site visit.

### o Rehabilitation Process to Pre-Leasing Agreement

Upon notification of accepting of the building proposal form, conduct an inspection; assist owner in the preparation of a work write-up and cost estimate, etc. and submit to EOCD for review and possible site visit. Upon review of the package by EOCD, secure two (2) bids. Submit the bids, rent calculation and signed pre-leasing agreement for execution to EOCD. Assist owner in obtaining financing. EOCD will review package, and if approved, execute the pre-leasing agreement.

### o Construction Period

Upon receipt of pre-leasing agreement, hold pre-construction conference with selected Contractor. Monitor rehabilitation progress. Provide necessary relocation assistance. Refer families to vacant units.

### o Certification of Completion

Coordinate final inspection with the local board of health. Calculate contract rent. Submit certification of completion and Board of Health Certificate of Occupancy. Execute Lease. Submit package to EOCD. EOCD reserves the right to conduct a final inspection prior to the execution of a lease.



Under the Chapter 707 Moderate Rehabilitation Program, "moderate rehabilitation" is the rehabilitation work necessary to: 1) bring a unit from a substandard to a standard condition in compliance with Chapter II of the State Sanitary Code or local code, whenever more stringent; or 2) to repair or replace major building systems or components in danger of failing within two years. In order to be rehabilitated under the program, a unit must require an expenditure of at least \$5,000. There is no dollar limit on the amount of rehabilitation which can be accomplished under the program. The amount of rehabilitation which can be achieved will depend upon the amount of the rehabilitation loan which can be repaid within the maximum allowable rent level (MAR), the rate and terms of available private financing, or the availability of rehabilitation grant funds or other subsidized financing.

#### Eligible Costs

The \$5,000 minimum expenditure includes the cost of materials and labor (except owner labor) necessary to bring the unit (including the cost of common areas) up to code and/or repair or replace major building systems or components. Work qualifying as a major building system or component should be limited to the following:

- The complete electrical rewiring of a unit;
- The installation of new plumbing supply or waste pipes in a unit;
- The installation of a new heating distribution system, including piping and ductwork, or the installation of a new boiler or furnace;
- Replacement or major repair of exterior structural elements which are essential to achieve a stable general condition with no threat of further deterioration (for example, removal and replacement of rotted materials, repointing of a large area of exterior walls to eliminate water seepage, major repair of unstable or deteriorated foundation walls, or painting wood which has never been painted, stained or treated);
- The installation of smoke detectors.

If not all units in a building will be assisted after rehabilitation, the cost of improvements to common areas or systems must be prorated among assisted and unassisted units on a per unit basis. For example, if in a 10 unit building 5 units are to be assisted, then only 50% of the costs for improvements to common areas or systems can be included as eligible rehabilitation costs.

The cost of modifications required to make standard units accessible for handicapped or disabled persons qualifies as an eligible cost for the purpose of meeting the \$5,000 minimum expenditure.\*

When the minimum expenditure requirement is met by the eligible work item described above, the following rehabilitation expenses may also be approved as eligible for amortization through the contract rent:

- The cost of energy conservation improvements (in addition to required weather stripping and caulking);
- The cost of exterior siding and painting and interior painting that is directly related to an eligible rehabilitation or energy conservation work item.

\*The total number of units an Agency wishes to modify under the ACC should be approved in advance by EOCD.



- The cost of necessary rehabilitation fees which are reasonable and directly related to eligible approved work items. Architectural drawings are not required under this program and would generally be considered unnecessary considering the scope of rehabilitation to be accomplished. However, if substantial rehabilitation will be accomplished and drawings are considered necessary, then an architectural fee could be considered an eligible expense.
- The cost of rehabilitation financing fees which are reasonable, directly related to the project, and required by the lender. Escrows for taxes and other operating expenses are excluded. The total amount allowed may not exceed 2% of the rehabilitation loan or new mortgage amount.
- The actual cost of temporary relocation in instances where no other relocation resources are available.

### Ineligible Costs

The costs related to deferred and/or routine maintenance are not eligible for inclusion in the rehabilitation costs amortized through the contract rent. In some cases, the owner may be required to correct deficiencies considered to be deferred or routine maintenance items in order to meet the standards of Chapter II of the State Sanitary Code or local code, whenever more stringent. If such work is required, the owner must agree to complete the work at his/her expense. In addition, the owner may elect to make improvements, at his/her expense beyond those items required by the administering agency. Example of deferred and/or routine maintenance items are provided below:

- The costs attributable to owner labor (i.e., direct work or supervision of the work), whether or not the owner is a licensed contractor.
- The cost of interior painting not directly related to an eligible rehabilitation work item or necessary to remove lead based paint hazards.
- The costs of cleaning and janitorial services and landscaping not directly related to an eligible rehabilitation work item.
- The cost of repairing, replacing or installing laundry equipment, furniture, nondwelling equipment, and other amenities (e.g., play equipment, recreational items) and other items which are subject to normal wear and tear.

In order to maximize the amount of rehabilitation possible within the maximum allowable rent limits, administering agencies must exercise sound judgment when determining eligible work items. In addition, if the approved rehabilitation costs of a unit result in a rent below the MAR for scattered-site, administering agencies should give consideration to the feasibility of leasing these units under its Chapter 707 scattered-site program. In such cases, agencies must request written approval from ECCD's Chapter 707 Office.



-- INFORMATION --

Name of Program: State Housing Assistance for Rental Production (SHARP)

Administrative Agency: MHFA, EOCD and Massachusetts Housing Partnership (MHP)

Contact: Frank Creedon, MHFA, 451-3480

Type of Funding: Subsidy to lower interest rate on MHFA multi family mortgage

Source: Sale of tax exempt bonds for MHFA loans plus CDBG funds from EOCD for SHARP subsidy

Program Purposes/Objectives: To produce private mixed income housing, so projects must produce new housing through substantial rehab or new construction. Preference is given to family units, projects with minority developers.

Description: SHARP funds are used to write down the interest rate on MHFA mortgage loans to as low as 5%. For 15 years, the amount of SHARP is the difference between the true cost of producing rental housing and market rents in the area. At the end of 15 years, the SHARP funds must be repaid to MHFA.

Maximum SHARP Loan: Determined by EOCD

Minimum SHARP Loan: Determined by EOCD

Affordability Requirements: At least 25% of the units must be affordable to low income households, and will be marketed to Section 8 certificate holders, with back-up Chapter 707 assistance.

Resale Controls: Units must remain affordable for 15 years, after that time, may be sold or rented at market rates.

Application Deadline: Expect another round in June, with a Labor Day deadline. This round will have funding for about 1,000 to 1,500 unit state-wide.

Agency Review Period: 8 to 12 weeks





## SHARP PROGRAM (STATE HOUSING ASSISTANCE FOR RENTAL HOUSING PRODUCTION)

This is an interest subsidy program designed to stimulate production of privately-owned rental housing. Construction and permanent financing for SHARP-assisted developments are provided by the Massachusetts Housing Finance Agency (MHFA) using proceeds from the sale of tax-exempt bonds. SHARP funds, provided through EOCD, are used to write down the effective cost of interest payments on MHFA loans to as low as five percent for a term of up to 15 years.

The amount of SHARP subsidy awarded to a development is based on the difference between the true cost of producing the rental-housing and the rents that can be obtained in the market area. Both nonprofit and limited-dividend developers are eligible to submit proposals for SHARP assistance. Funds are awarded as a loan, not a grant, with the expectation that SHARP-assisted developments will become self-sustaining within 15 years. At the end of that period, SHARP funds are repaid to MHFA. They may then be used to provide ongoing assistance to low- and moderate-income residents of the development or to promote further rental housing production.

At least 25 percent of the units in SHARP-assisted developments are reserved for low-income households. Developers will market these units to holders of Section 8 certificates or Massachusetts Ch. 707 rental housing certificates, enabling these households to pay 25 percent of their income for rent.

The SHARP program can be used in combination with other resources, such as private grants, Community Development Block Grants, (CDBG) and the Housing Development Action Grant program (HODAG) to lower rent levels for an increased number of low-income units. The SHARP subsidy is very shallow but combining it with other resources has meant that many SHARP developments have been able to provide more than the minimum 25 percent low-income units. With elimination of federal resources other funds need to be found.

The goals of the SHARP program are to:

- o stimulate maximum rental housing production with minimum subsidy;
- o assist in addressing the need for low-income housing; and,
- o encourage private sector participation in the provision of mixed-income housing.

### How SHARP Works

Construction and permanent financing for SHARP-assisted developments is provided by the MHFA with proceeds from the sale of tax-exempt bonds. SHARP funds, provided through the Executive Office of communities and Development (EOCD), are used to write down the interest rate on MHFA loans to as low as five percent for a term of 15 years.



The amount of SHARP subsidy awarded to a development is based on the difference between the true cost of producing rental housing and the rents which can be attained in the market area. Funds are awarded as a loan, not a grant, with the expectation that SHARP-assisted developments will become self-sustaining within 15 years. At the end of that period, SHARP funds are repaid to the MHFA. They may then be used to provide ongoing assistance to low- and moderate-income residents of the development or to promote further rental housing production.

Because of the acute need for low-income housing in Massachusetts, at least 25 percent of the units in SHARP-assisted developments must be reserved for low-income household. Developers will market these units to holders of either Federal Section 8 or State Chapter 707 rental housing certificates. This enables those households to pay between 25 and 30 percent of income towards rent. If units cannot be rented to certificate holders, EOCD will provide back-up Chapter 707 assistance.

SHARP is well suited for both suburban and inner-city housing development, and is designed to complement ongoing community revitalization efforts. SHARP can also be used in combination with other resources such as private grants, Community Development Block Grant funds, Urban Development Action Grants and Housing Development Grants. This approach enables a further reduction in development costs and, in some cases, an accompanying reduction in rent levels for low- and moderate-income households.

#### Who Should Apply

Both nonprofit and limited-profit developers are eligible to submit proposals for SHARP assistance. The MHFA strongly encourages the submission of proposals which involve minority participation in the development team (owner/mortgagor, developer, architect, contractor, attorney, management agent).

Nonprofit developers can apply for MHFA financing representing up to 100 percent of the total development cost of a proposals. Loans to limited-profit developers (limited to a six percent return on equity per year) can be made for up to 90 percent of the total development cost.

#### Minimum Requirements

To be considered for SHARP funding, development proposals must first meet MHFA "threshold" and SHARP statutory requirements. These are:

##### MHFA Threshold Requirements

- o Quality of development team. The development team must have experience in housing development and the financial capacity to carry out the proposal.
- o Preliminary site review. The developer must demonstrate control of the site and the site must be suited for the proposed development.
- o Marketability of units. Units must be marketable in the area where the housing is to be located.



- o Affirmative Action. The developer must demonstrate a commitment to affirmative action from the development through the post-occupancy phase.

#### SHARP Statutory Requirements

- o Fifteen year term. The proposal must demonstrate the housing can sustain itself without SHARP subsidy after fifteen years.
- o Maximum per unit subsidy. The amount of SHARP subsidy requested "shall not exceed in any one year, on a per-unit basis, the difference between the amount determined by the Executive Office of Communities and Development to be necessary to pay debt service on a typical, newly-constructed rental housing project at prevailing interest rates on bonds whose interest is exempt from federal or state taxation, and the amount necessary to pay such debt service at an interest rate of five percent per annum".
- o Minimum amount necessary to ensure feasibility and 25 percent occupancy by low-income households. The SHARP subsidy shall be "the minimum amount necessary to make the proposal feasible, and to ensure that 25 percent of the units are available to low-income households". To ensure the use of minimum subsidy, owners are generally required to make equity contributions which approach the level found in conventionally-financed real estate projects.
- o Location. Proposals must involve housing which is either located in a housing development area (a blighted, decadent, substandard area) or is designed for low- and moderate-income households.
- o Undue concentration. Proposals must not contribute to an undue concentration of low-income households in any one neighborhood.
- o Repayment. Proposals must include plans showing that repayment of SHARP funds will be used for the continued benefit of low- and moderate-income households.

#### SHARP Selection Criteria

If minimum requirements are met, SHARP proposals will be scored using SHARP Selection Criteria. These criteria are summarized in the following categories.

- o Development Quality Goals. This includes a review of the proposed design of the housing, the quality of the development team, the proposed site, and the marketability of the units.
- o Overall Impact Goals. This includes a review of the impact of the housing on the community and its development goals, how the proposal meets area housing needs, plans for affirmative action, and readiness to start construction.
- o Minimal SHARP Subsidy. Additional points may be awarded to proposals which require less than the maximum amount of SHARP funding allowed.



After proposals are scored and ranked, the MHFA will select the highest ranked proposals to receive awards of SHARP funds. Ranking by scores alone, however, is subject to a reasonable geographic distribution of the proposals to be funded, and the inclusion of proposals which complement local redevelopment efforts.

### Selection Process

SHARP awards are made through development competitions. Generally, these competitions are announced at least 60 days prior to the close of the application period. Once received, all proposals are evaluated using the criteria discussed in "Eligible Proposals".

The MHFA's financing process also consists of several phases. These are:

- o Official Action Status. Official Action Status is granted to proposals which meet MHFA "threshold requirements". Although this may be granted prior to the awarding of SHARP funds, it does not give a proposal priority for SHARP funding.
- o Mortgage Application. Once awards of SHARP funds are made, the MHFA invites developers to submit formal mortgage applications. At this point, the MHFA will conduct an in-depth underwriting review.
- o Commitment. If a proposal passes the MHFA's underwriting review, it is recommended to the MHFA Board for a loan commitment. Commitments remain in effect for 90 days, but may be extended by a vote of the MHFA Board.
- o Loan Closing Funding. The MHFA raises funds for construction and permanent financing through the sale of tax-exempt bonds. These funds are advanced to developers once any conditions of a commitment and all loan closing requirements are met.





## Other Programs





## TECHNICAL ASSISTANCE AND SEED MONEY

Community Enterprise Economic Development Program (CEED): This program, within the Executive Office of Communities and Development, provides operating funds for the support and growth of local community Development Corporations (CDCs) and community-based development organizations. CDCs carry out a wide variety of local neighborhood economic and housing development programs. CEED grants provide "operating" funding for key staff and administrative costs. These grants in turn leverage public and private dollars. CDC development programs produce housing units, construction jobs and permanent jobs. It is administered by the Office of Community Economic Development. For information: Annette Rubin Casas (617) 727-7127.

Community Economic Development Assistance Corporation (CEDAC): This quasi-public corporation provides technical assistance to Community Development Corporations (CDCs) and other community-based nonprofit development organizations working to revitalize chronically depressed areas. The resources provided by CEDAC include: 1) Spot Technical Assistance, a streamlined program that enables CEDAC staff to respond quickly to small request (\$200 to \$900 range) for professional or development consultant services; 2) Intensive Technical Assistance - (\$2,000 to \$20,000 range) addresses the need for more substantial feasibility and packaging services such as: schematic design costs, securing financing commitments of developing partnership agreements; 3) Front Money Loans - (normally not over \$40,000) are intended to enhance the public benefits of real estate projects in depressed areas by providing interest-free front money loans to cover necessary and mortgageable costs until construction loan closing. CEDAC is governed by a Board of Directors composed of individuals from public and private sectors who are appointed by the governor. Over the past three years, CEDAC has assisted dozens of tenant organizations, CDCs and other nonprofits to construct, and rehabilitate over 500 low- and moderate-income apartments and extensive square footage of industrial and commercial real estate. Groups interested in obtaining further information should contact: CEDAC, 8 Winter Street, Boston 02108, Carl Sussman, Executive Director (617) 727-0506.

Technical Assistance Program (TAP): Administered by the City of Boston's Public Facilities Department, the program gives grants (with a recapture provision) to Community Based Organizations (CBOs) to finance the initial costs associated with packaging a project. The source of funds for TAP is CDBG. The objective of the program is to provide support for CBOs developing specific projects which benefit low- and moderate-income persons. Usually precedes MAP funding (see previous page). Does not cover general administration, oversight, or planning activities. Requests for funding are evaluated on the basis of the proposed projects financial feasibility, the capability of the CBO to complete the project. "CBOs with whose organizational mission is neighborhood development will be given priority". See Appendix for additional information and application.

TAP provides financing to CBOs for project packaging, including legal work, cost estimates, appraisals, architectural and engineering fees, related to a specific real estate development project. The expenses must be tied directly to the implementation of a project, and the project must be past the point of



conceptual analysis. Site control is a prerequisite for funding, except where the CBO is seeking funds to secure an option on the property. The maximum grant is \$25,000, however, the grant must be repaid to PFD when permanent financing is arranged. In the event the project does not go forward for reasons beyond the control of the CBO, repayment will be determined infeasible. At least 51% of the housing units in the project must be affordable to low- and moderate-income families (low-income is defined as less than 50% of the median income for the Boston SMSA, moderate-income is 80% of the SMSA). After initial income eligibility determination, there is no ongoing oversight of affordability requirements.

Management Assistance Program (MAP): Administered by the City of Boston's Public Facilities Department (PFD), this program gives grants to CDCs for salary expenses for a project manager (with a recapture provision). The source of funding for MAP is CDBG. The objectives of the program is to provide support for community based organizations (CBOs) developing specific projects which benefit low- and moderate-income persons. Does not cover general administration, oversight, or planning activities. Requests for funding are evaluated on the basis of the proposed projects financial feasibility, the capability of the CBO to complete the project. "CBOs with whose organizational mission is neighborhood development will be given priority". See Appendix for additional information and application.

MAP provides financing to CBOs for project managers to implement a specific real estate development project. The activities of the project manager must be tied directly to the implementation of a project, and the project must be past the point of conceptual analysis. Site control is a prerequisite for funding, except where the CBO is seeking funds to secure an option on the property. The maximum grant is \$27,000 no more than \$25,000 of which can be used for salary and fringe benefits. A maximum of \$2,000 can be used for overhead expenses. The grant must be repaid to PFD when permanent financing is arranged. In the event the project does not go forward for reasons beyond the control of the CBO, repayment will be determined infeasible. At least 51% of the housing units in the project must be affordable to low- and moderate-income families (low-income is defined as less than 50% of the median income for the Boston SMSA, moderate-income is 80% of the SMSA). After initial income eligibility determination, there is no ongoing oversight of affordability requirements.

Greater Boston Community Development, Inc. (GBCD): A charitable, nonprofit corporation that provides technical assistance to community-based sponsors of housing for low- and moderate-income residents of the Boston metropolitan area, GB CD's primary goals, in contrast to most private development firms, is to enable community organizations to control the development and management of housing which will best serve the needs of lower-income families, elderly and handicapped people.

GB CD's services fall into four main areas: housing development, housing management, conversion of housing ownership and financing, and revitalization of publicly assisted housing. For more than a decade, GB CD has helped to build and rebuild more than twenty communities in eastern Massachusetts. Working with neighborhood-based housing sponsors, they have successfully



assisted in the development of 2,750 units of housing for low- and moderate-income people in such diverse communities as Weston, Lincoln, Lynn, Roxbury, Cape Ann and others. Currently, 1,216 additional units are underway. GB CD has developed the broad range of expertise needed to create housing that is well-designed, well-run and in sound financial condition. Responding to the increasing growth in demand for its services, GB CD has recently opened an office in Springfield. For information: Greater Boston Community Development, Inc., 79 Milk Street, Boston, MA 02109, (617) 482-6552, or 75 Market Place, 3rd Floor, Springfield, MA 01103, (413) 737-0207.

Housing Abandonment Program: The goal of this program is to stimulate the rehabilitation of tax delinquent, abandoned or deteriorated properties in economically-distressed areas. Community based and tenant organizations will be reimbursed with program funds for costs incurred in pursuit of this goal.

The rehabilitation of multi-family buildings which will house primarily low-income tenants on blocks where there has been some, but not complete, deterioration of public and private property will be encouraged in the context of development of new strategies for abandonment prevention and property rehabilitation. These strategies may include early intervention with abandoned structures (including tenant organizing); and/or municipal cooperation in the areas of tax foreclosure, abatement, and code enforcement. Approaches developed under this program should be replicable at a local and perhaps a statewide level. Proposals will be entertained which identify specific properties that have already undergone a preliminary examination for feasibility.

Applicants should be private community-based or tenant organizations. A local housing authority or municipality may apply if it is in partnership with a nonprofit organization and the latter will be the owner of the property.

Under a set-aside for Massachusetts Housing Partnership - partnership communities, program funds are awarded to municipalities or community-based nonprofits for a range of activities associated with early intervention, packaging and interim management of abandoned or at-risk properties. Technical assistance from Greater Boston Community Development, Inc., in project identification and planning will be provided, as needed, to communities participating in the Abandonment Initiative. For information, contact David Koven at EOCD - Division of Neighborhoods (617) 727-7127 or Massachusetts Housing Partnership (617) 727-7824.

#### Other Sources for Technical Assistance:

Local universities like M.I.T., Harvard and Tufts are a source for expertise. Students in Real Estate, Urban studies, and Public Administration Programs can provide technical assistance as part of course projects, internships, or on a volunteer basis.





SCORE, through the Small Business Association provides volunteer retired executives to small business. They can help with management plans, bookkeeping, and other administrative aspects of running a CDC. Contact SCORE 223-3237

The Boston Architectural Center provides volunteer assistance to nonprofit organizations through its Community Design Center. In this program, architecture students work free of charge on projects at the pre-feasibility stage. They are supervised in their work by a professional architect. For more information, contact Don Brown at the Boston Architectural Center 536-3170.



## BRIDGE OR GAP FINANCING

Boston Community Loan Fund (BCLF): This is a \$500,000 nonprofit revolving loan fund which lends money to CDCs to support specific development projects. One of the advantages of BCLF is a quick turnaround time on loan applications, however, all loans must be secured. BCLF is particularly interested in working with new or inexperienced CDCs. Contact Dick Jones at 457-2050.

Massachusetts Community Development Finance Corporation (CDFC): A state-owned venture capital company which provides flexible financing for viable businesses and real estate development projects when there is a clear public benefit. CDFC investments are made in conjunction with Community Development Corporations (CDCs) which are organized to promote economic development in targeted areas of the state. CDFC is a public corporation with a nine-member board of directors which includes representatives of government, business, organized labor and community groups. CDFC offers one investment program for housing development. The Community Development Program offers flexible, short-to-medium term financing for CDC-sponsored real estate projects. The program is designed to assist CDCs in developing affordable housing, revitalizing commercial and industrial property, and strengthening their developmental and financial capacity. CDFC can provide 20 percent of a project's cost, up to \$250,000 for financing specific and recoverable development expenses. For information contact Massachusetts Community Development Corporation, 131 State Street, Boston, MA 02109, (617) 742-0366.

Local Initiative Support Corporation (LISC): This is a private nonprofit program based on the assumptions that sound investment opportunities exist in low-income neighborhoods, and that a large member of competent CDCs can be identified and can play an important role in the revitalization of their neighborhoods. LISC gets involved in the early stages of projects and provides technical assistance, but its most important function is as a bridge or gap funding source. Through their National Equity Fund, LISC pools syndication dollars and then lend them out to projects. LISC also provides bridge loans to give CDCs immediate access to the syndication investment in their projects. LISC typically fills the gaps in project financing - it usually lends less than 5% of the total project cost. Grants account for only \$1 for every \$3 in loan funds. Contact: Carol Glazer 723-7415.

The BUILD Program: The BUILD program is a construction loan and bridge financing program of the City of Boston. BUILD is administered by the Public Facilities Department (PFD). BUILD provides financing for major residential, commercial, industrial, or mixed-use development projects. Loans are made at below-market interest rates to projects with significant public benefits. A project must receive approval by the Boston City Council. The project developer must provide a 100% unconditional and irrevocable Letter of Credit, which will be held as security until the time of permanent financing.



Applications for funding may be submitted at any time. Proposals are evaluated on the basis of program eligibility, public benefits, financial feasibility, soundness of project concept, development team capability, experience and financial strength, and readiness for construction. All prospective applicants are requested to discuss their proposed projects with PFD staff before applying for BUILD. See Appendix for additional information and application. The final application will be available at the meeting. Contact: BUILD Administrator, Public Facilities Department, 720-4300 extension 242.



## PERMANENT FINANCING

Mortgage Loans for Homebuyers - MHFA: This program is designed to assist first time home buyers. Under it, participating lenders make below-market interest rate mortgage loans to qualified buyers. The MHFA may purchase these loans with the proceeds from the sale of tax-exempt bonds.

To qualify for a below-market MHFA mortgage, a borrower must be credit-worthy and meet specific income and other program guidelines. The home being purchased must meet certain cost limits as well.. A borrower must be a first time home buyer, except when purchasing a home in Boston or other targeted areas., in which case certain other requirements must be met.

Funds are distributed through three separate mortgage programs: General Lending; Neighborhood Rehabilitation; an Homes built under a New Construction Set-Aside Program.

Funds in the General Lending program are reserved for priority borrowers for a sixty-day period. Priority borrowers are Vietnam veterans, minority households, and the physically handicapped. At the end of the reserve period, funds which have not been allocated will be made available to other qualified borrowers through lotteries. Neighborhood Rehabilitation funds are reserved for the restoration of housing in designated areas. In the New Construction Set-Aside Loan program, mortgage funds are made available to stimulate construction of single-family homes throughout the Commonwealth. Houses in both the New Construction Set-Aside and the Neighborhood Rehabilitation programs cannot exceed certain acquisition cost limits.

As of June 1985, MHFA, though this mortgage loan program, had provided home ownership opportunities to nearly 12,000 low- and moderate-income families in Massachusetts. Contact: MHFA (617) 451-3480.

MHFA Home Improvement Loans: MHFA makes loans available for home improvements to one to four-family homes. Borrowers must be owner occupants who meet income guidelines and other program requirements. Working with MHFA are EOCD and local community development agencies who offer their own funds or funds they have received from HUD to further reduce the interest rate (11 percent on these loans) to the lowest possible level. Prospective borrowers may get details from their local community development agency or MHFA. As a broad guideline in determining eligibility, borrowers should be aware that the highest maximum income allowed in the state is \$31,000 for a family of two in the city of Boston. Contact: MHFA (617) 451-3480.

MHFA Neighborhood Rehabilitation Program: The program provides mortgage funds over a 30 year period to first time homebuyers who purchase and rehabilitate homes in targeted neighborhoods in participating cities and towns. Borrowers must meet income, credit and home acquisition cost requirements. Statewide income limits are: one person household \$35,000, two person household \$40,000, each additional dependent \$1,500. Single-family homes purchased with funds must require at least \$3,000 of rehabilitation; requirements for two to four-family homes are higher. Mortgage funds are distributed in cooperation with local community development and nonprofit agencies. These local groups will assist borrowers in determining their eligibility for financing and refer them to a lender receiving applications.





They will also assist in determining and carrying out the rehabilitation. Prospective borrowers should contact their local agencies working with MHFA on this program and for general information contact: The MHFA Office for Single Family Programs (617) 451-2766. An additional \$3,000 can be added to all local limits for each dependent. Borrowers should contact their community development agency for details, or call MHFA (617) 451-3480.

MHFA 80/20 Loan Program: 80 percent market rate, 20 percent low-income housing: MHFA has provided financing for the construction or rehabilitation of housing development across the state since 1969. In the past, these developments made use of state or federal mortgage interest or rental subsidy programs to assure that at least some portion of the units reached low-income tenants. Given the decline in recent years of such subsidy programs, MHFA has taken advantage of its authority to finance unsubsidized or market developments. These unsubsidized developments are structured to benefit low-income tenants and to meet the requirements of MHFA's statute and Treasury regulations governing MHFA's tax exempt bonds. The most restrictive provision contained in the Treasury regulations is that twenty percent of the units in a development remain available for low-income tenants. This provision was added by the 1980 legislation sponsored by Representative Ullman, giving these projects the name "80/20" or Ullman Developments.

In general, to qualify under both MHFA and Treasury rules, a market development would have to follow these guidelines:

1. Twenty percent of the units must be occupied by low-income tenants. Without benefit of state or federal rent subsidies, or additional mortgages, the economics of the development must be such that rents on these units are affordable to tenants with incomes at or below 80 percent of median in the area.
2. All units, including the market units, must remain as rental units for at least fifteen years from commencement of construction.
3. Rent levels will be established by MHFA for low-income as well as market units. All tenants' incomes must meet eligibility guidelines at initial occupancy such that annual income does not exceed six times the annual rent of the unit. Incomes must be recertified every two years. MHFA will want to assure that market rents are the maximum attainable in the market in order to keep rent levels in the low-income units as low as possible.
4. In general, commercial space within a development will be no more than ten percent of the total square footage of the development and will require no more than ten percent of the mortgage proceeds. For information: Massachusetts Housing Finance Agency. (617) 451-3480.

MHFA Elderly Housing Program: Given the rate of growth of the elderly population in Massachusetts and the need for a range of housing options for elders, MHFA is encouraging the development of housing which takes a comprehensive approach to the link between housing and services, and recognizes the special needs of frail elders. By providing congregate or lifecare housing, MHFA intends to further enhance the quality of life for elders as well as provide supportive environments which can prevent or delay the need for elders to move to nursing homes.



Both congregate and lifecare housing differ from conventional rental housing in that they provide an environment that includes not only shelter, but assistance with daily living. This assistance can take the form of meal preparation, housekeeping, and social services. MHFA is taking an active role in establishing links between the development community and service providers. Lifecare facilities offer the additional assurance of access to some form of health care facility, which may be either separate or a part of the residential facility. MHFA will provide financing for only the residential portion of lifecare facilities, and not for the health care portion. The development team must either include a qualified in-house service provider or demonstrate a link to local service providers for the term of the mortgage.

Except where otherwise noted, congregate or lifecare developments will comply with policies and procedures of the MHFA 80/20 Housing Program.

While this type of housing may include more shared space (such as dining rooms) than conventional rental housing, each individual dwelling unit is required to have its own complete bath and kitchen facilities. This housing should at least meet minimum standards for rentable conventional housing.

Low income residents will pay no more than 25% of their income for rent, or a higher applicable percentage if they are participating in a state or federal rental assistance program. In determining this affordability guideline, 'rent' will refer only to shelter costs, including utilities. Total monthly charges which include services such as meals and housekeeping as well as shelter may exceed 25% of income. Proposals should break down total monthly charges in shelter ('rent') and non-shelter ('service') costs. Staff will determine feasibility of both shelter and non-shelter costs.

For more information, contact MHFA's Mortgage Department, 50 Milk Street, Boston, MA 02109 - Phone (617) 451-3480.

MHFA 223(f) Mortgage Coinsurance Program for Existing Rental Housing:  
Coinsured financing will be available from MHFA for the purchase of existing rental properties requiring modest rehabilitation. To qualify, properties must provide 20% of the units for low income households.

MHFA will underwrite, finance and service mortgages in keeping with federal coinsurance regulations and MHFA's statutory requirements. For MHFA coinsurance is a form of "audit enhancement" which serves to reduce MHFA's cost of borrowing in the bond market. Agency savings on the sale of bonds is passed on to mortgagors in the form of lower interest rates.

Limited-project (profit limited to a 6% annual return on equity) and non-profit mortgagors are eligible for coinsured financing. MHFA strongly encourages application from minority developers. MHFA will underwrite, finance and service mortgages in keeping with federal coinsurance regulations and MHFA's statutory requirements. Minimum requirements include:

- o Properties must involve 5 or more units.
- o Properties must provide 20% of the units for low income households.



- o Properties must be in need of modest but not substantial rehabilitation, the cost of rehabilitation must be more than 15% of the purchase price of the property and less than 15% of the property value after repairs or \$11,375 per unit, whichever is greater. The property must not require the replacement of more than one major building component (roof, foundations, plumbing HVAC etc.).
- o Properties must be at least 3 years old.
- o Commercial space should not exceed 5% of the projects net rentable area, except with waivers by MHFA and/or HUD.

223(f) coinsured financing is available for terms ranging from 10 to 35 years, with no prepayment allowed before 15 years. The mortgage interest rate is determined by the MHFA's cost of borrowing in the bond market plus the MHFA's administrative costs. Proposals for 223(f) coinsured financing will be accepted by the MHFA on an ongoing basis. Developers should meet with a Mortgage Officer from MHFA to discuss proposals before submitting an application for financing.

For more information, contact MHFA's Mortgage Department, 50 Milk Street, Boston, MA 02109 - Phone (617) 451-3480.

MHFA 221(d)(3)/(d)(4) Mortgage Coinsurance Program for New Construction and Substantial Rehabilitation: Coinsured financing will be available from MHFA for the purchase of new rental housing construction or substantial rehabilitation which provide 20-25% of the units for low income households.

MHFA will underwrite, finance and service mortgages in keeping with federal coinsurance regulations and MHFA's statutory requirements. For MHFA coinsurance is a form of "audit enhancement" which serves to reduce MHFA's cost of borrowing in the bond market. Agency savings on the sale of bonds is passed on to mortgagors in the form of lower interest rates.

Limited-project (profit limited to a 6% annual return on equity) and non-profit mortgagors are eligible for coinsured financing. MHFA strongly encourages application from minority developers. MHFA will underwrite, finance and service mortgages in keeping with federal coinsurance regulations and MHFA's statutory requirements. Minimum requirements include:

- o Properties must involve 5 or more units.
- o Properties must provide 20 - 25% of the units for low income households. Coinsurance may be used for developments where 20% of the units are provided for low-income households through rent skewing. It may also be used for properties assisted by SHARP (State Housing Assistance for Rental Production) in which 25% of the units are reserved for low-income households. Low-income units in SHARP-assisted properties are marketed to holders of either federal Section 8 or state Chapter 707 rental housing certificates. If certificate holders cannot be found, back-up Chapter 707 assistance is provided by the Executive Office of Communities and Development (EOCD).



- o Properties must involve new construction or substantial rehabilitation, the cost of rehabilitation must exceed 15% of the property value after repairs or \$11,375 per unit, whichever is greater or the rehabilitation must require the replacement of more than one major building component (roof, foundations, plumbing HVAC etc.).
- o Commercial space should not exceed 5% of the projects net rentable area, except with waivers by MHFA and or HUD.

Coinsured financing is available for a maximum term of 40 years, with no prepayment allowed before 15 years. The mortgage interest rate is determined by the MHFA's cost of borrowing in the bond market plus the MHFA's administrative costs. Proposals for coinsured financing will be accepted by the MHFA on an ongoing basis. Developers should discuss their proposals with a Mortgage Officer from MHFA prior to submitting an application for financing. Interested developers can obtain application forms and schedule pre-submission meetings by contacting the MHFA's Mortgage Department, 50 Milk Street, Boston, MA 02109, telephone (617) 451-3480.

TELLER Program (Tax Exempt Local Loans to Encourage Rental Housing): This state program was created in 1984 to encourage the development of mixed-income rental housing. The program, which is regulated by EOCD, permits Local Housing Authorities to issue tax exempt bonds for a developer to finance new construction or rehabilitation of rental housing with twenty percent of the units set aside for lower moderate-income households which are defined as households earning less than eighty percent of the area-wide median income. Rents in these units including provision of utilities must not exceed thirty percent of this income. This requirement remains in effect for as long as the bonds are outstanding, but in no event for less than ten years. The remaining units not set aside for low- and moderate-income families are subject to very few restrictions and may be marketed at prevailing rents for similar units in the vicinity of the development. The tax exempt bonds issued by the Local Housing Authority to finance the TELLER developments are backed by a mortgage on the development, not by any pledge of credit by the LHA. The program may not be used solely to refinance an existing rental building. Commercial space may not exceed thirty-five percent of the rentable space of the project. Technical assistance will be provided through EOCD to all LHAs considering TELLER projects. The LHA is allowed to recover costs associated with the processing applications and the issuing of the bonds, including costs of counsel. EOCD regulations require that the developer's application filing and review process be open to the general public for comment. For information: Contact Gail Monahan, Director of TELLER Program EOCD (617) 727-7130.

The LEND Program: Loans to Encourage Neighborhood Development (LEND) is a flexible financial assistance program of the City of Boston. LEND is administered by the Public Facilities Department (PFD). LEND assists neighborhood development projects providing significant public benefits. Low-interest flexible loans are available to eligible commercial, mixed-use, industrial, and major residential projects. The maximum loan amount is 50% of project development costs. The average loan generally does not exceed \$200,000. Program funds may be used for the costs of acquisition of improvements to real estate. In certain instances, funds are also available to small businesses for fixed asset and leasehold improvements.





Applications for funding may be submitted at any time. Proposals are evaluated on the basis of: program eligibility; public benefit; financial feasibility; soundness of project concept; development team capability, experience and financial strength; consistency with local economic development strategy; and readiness for construction. All prospective applicants are requested to discuss their proposed project with PFD staff before applying to LEND. See Appendix for additional information and application. The final LEND application will be available at this meeting. Contact: LEND Administrator, Public Facilities Department, 720-4300, extension 363.

Massachusetts Land Bank: This is an independent agency governed by a Board of Directors empowered to purchase, improve and resell blighted, open spaces, decadent or substandard property and federal and state surplus property. The Land Bank works with local officials to determine eligibility of individual projects. Applications for both small and large industrial, residential, and mixed-use developments are considered, especially mixed-use rehabilitation projects located in city and town centers, and those involving historic buildings. Interest and involvement of local officials are essential. Financial feasibility, public benefit and the encouragement of private investment are also important. The Land Bank uses Massachusetts General Obligation bonds thus minimizing interest cost for municipalities. Project financing is arranged through a municipality or a nonprofit group. Of particular interest are the Land Bank's two housing programs:

1. Tax Delinquent Housing Program: This program makes low interest permanent financing available to individuals and community groups for the rehabilitation of eligible properties. The primary goal is to promote changes in the abatement and foreclosure procedures that currently inhibit the reuse of existing buildings. A second goal is the creation of affordable housing units and a third is to involve financial institutions in developing housing otherwise unfamiliar to them.
2. Cooperatives Housing: The Land Bank is participating in the financing of several low- and moderate-income cooperatives. Coop residents are stockholders in a housing corporation. The cooperative owns the land and building and is responsible for paying the mortgage and taxes as well as other expenses, such as hiring a management company to oversee property management and maintenance. With a small down payment a family can purchase corporation shares that entitle them to occupy a unit and vote in the governance of the corporation. The family is a homeowner with all the advantages of ownership. For low- and moderate-income families the limited coop method, which can involve a gradual assumption of ownership, may be the only way their monthly rent check will gain them some equity. For information: Massachusetts Land Bank, Six Beacon Street, Boston, MA 02108 (617) 727-8257.

Housing for the Elderly and Handicapped (Section 202): This program authorizes federal loans at below market interest rates for distribution to nonprofit organizations and limited dividend developers to construct, rehabilitate or alter rental housing for elderly and handicapped people. This low-rent housing is for individuals who meet certain eligibility criteria, which include an income level too high to qualify for public housing but too low to afford adequate private housing. For those for whom rent levels may still be too high, Section 8 certificates are available. This program will be drastically phased down in the President's budget proposal.



## OPERATING SUBSIDIES AND TAX CREDITS

Section 8 Program (existing): This program aids low- and very low-income families to obtain decent, safe and sanitary housing in private accommodations.

HUD makes up the difference between what a low- and a very low-income household can afford and the fair market rent for an adequate housing unit. Eligible tenants must pay the highest of either 30 percent of adjusted income, 10 percent of gross income or the portion of welfare assistance designated to meet housing costs. Housing thus subsidized must meet certain HUD standards and the rents for the units must fall within the range of fair market rents as determined by HUD. (See Section 8 income eligibility and fair market rents in Appendix.)

Project sponsors may be private owners, profit motivated and nonprofit or cooperative organizations, local housing authorities and state housing finance agencies (MHFA). Very low-income families whose incomes do not exceed 50 percent of the median income of the area are eligible to occupy the assisted units. No more than five percent of the available units may be rented to lower-income families whose incomes are between 50 percent and 80 percent of the median. For information: contact Boston Housing Authority, 451-1250.

Housing Vouchers: Vouchers also aid very low-income families to obtain decent housing. Established in 1983 as a demonstration project, these vouchers, like Section 8, are applicable for the rental of existing housing. Vouchers differ from Section 8 in that families may rent units beyond the fair market rent making up the difference out of their very low income between that the housing rents for, and the voucher subsidy. (See Section 8 income eligibility in Appendix.)

Vouchers also only carry a five year funding commitment (Section 8 existing provides a 15 to 20 year commitment). Very low-income families whose income does not exceed 50 percent of median for the area are eligible and preference will be given to those families occupying substandard housing, or voluntarily displaced or are paying more than half of their income for rent. For information: contact (617) Boston Housing Authority, 451-1250.

Tax Credits Supporting Rental Affordability: Despite recent changes in the tax laws, there remains some opportunity to apply tax credits to developments producing rental housing in historical buildings or in providing low-income rental units through new construction, rehabilitation, or acquisition.

1. Historical Tax Credits: The Tax Reform Act of 1986 maintains a 20% tax credit for the rehabilitation of certified historic structures. Buildings must be depreciable in that the structure is used in trade or business or held for the production of income, such as commercial or rental residential property. Historical rehabilitations that are undertaken through SENHI may qualify for the 20% credit if the project remains rental. Alternatively, developers of a historic structure may pass on the tax credits to the owners of condominiums in a development as long as the owners do not occupy the units.



2. Low-Income Tax Credits: The Tax Reform Act of 1986 also created a tax credit in order to stimulate the production and preservation of low-income rental housing. The Executive Office of Communities and Development has been assigned by Governor Dukakis as the overseeing agency for the distribution of the state of Massachusetts allocated amount of Low-Income Tax Credits.

The tax credit is available to developers of housing which set aside a minimum of either 20% of all the units for families earning 50% of the median income or set aside 40% of the units for families earning 60% of the area median. Credits can be set aside but are not awarded until the time the units are placed in service. Also, the actual credits, which are available in 1987, 1988, and 1989, may vary somewhat each year. The credits for 1987 have been set at 9% for projects using conventional financing and at 4% for projects using tax-exempt financing.

The tax credit is calculated by taking either 4% or 9% of the cost of construction or rehabilitation of the qualifying low-income units. The cost of the land is not applicable towards production costs. This credit is awarded annually for ten years providing as much as 40% or 90% of the cost of producing the low-income units. The low-income rental units must remain as such and must be rented to qualifying families at rates not exceeding 30% of the relevant income limit for a period of fifteen years. Tenants' incomes will be monitored and as incomes rise to 140% of the original qualifying income level, owners of the project are required to make available, the next market rate unit as a low-income rental.



## EQUITY RESOURCES AND GRANTS

Chapter 667 Elderly and Handicapped Housing Program: The Executive Office of Communities and Development (EOCD) provides grants to Local Housing Authorities to develop housing for the elderly and physically handicapped of any age through new construction or adaptive reuse of non-residential buildings and, in special cases, through the purchase of condominiums. EOCD will give priority to proposals which include congregate apartments to the extent indicated by local need. These units have special support services funded through the Massachusetts Department of Elderly Affairs. The program allows for the provision of commercial space where commercial uses were previously in existence. All housing and commercial space must be owned and operated by the Local Housing Authority. Current budget costs for a one-bedroom unit are \$50,000 per unit; for a congregate bedroom, \$37,500 per bedroom. For information: EOCD Bureau of Housing Development, Dorothy Altman (617) 727-5884.

Chapter 689 - Housing for People with Special Needs: Chapter 689 provides grants to Local Housing Authorities for the development of housing for people with special needs. The program is jointly administered by EOCD and the Executive Office of Human Services (EOHS). EOCD provides funds for the development and major maintenance of housing for which EOHS provides a long-term commitment to fund supportive services through its operating agencies. At the local level, each LHA must affiliate with a state human service agency or its designated nonprofit service provider. The sponsor must assist the LHA with site selection and design during the development stage and is responsible for resident services and day-to-day operation once the housing is occupied. The program provides a variety of housing options: shared housing and apartments and individual apartments. special emphasis is given to meet the housing needs of the chronically mentally ill and at-risk populations such as homeless families, adolescents and battered women. For information: EOCD Bureau of Housing Development, Bob Nason (617) 727-5884.

Rental Housing Development Grants (HODAG): This program awards funds to local governments for rental housing in areas of acute shortage. It limits assistance to fifty percent of the cost of rehabilitation or new construction - thus each project must have other financial resources. Twenty percent of the units must be for people with incomes of no more than eighty percent of the area's median income. Only one HODAG was awarded to Massachusetts in the first round of funding and there is limited funding of this program in the budget.

Community Development Action Grant (CDAG): Administered by EOCD's Municipal Division, this program funds public projects which will leverage private investment, particularly in economically-distressed areas of the state. A wide range of activities are eligible for assistance including: acquisition of property within distressed areas; infrastructure needs; and construction, rehabilitation or improvement of publicly-owned or managed property (extending a water main to a developer of a commercial or housing project on raw land, for example). For information: EOCD Municipal Division, Dave Drosnick (617) 727-3197.





Urban Development Action Grants (UDAG): The grants were created in 1977 to give local governments (cities) opportunities to stimulate development by revitalizing the community's economic base, to provide new permanent jobs, particularly for low- and moderate-income people, and to reclaim deteriorated or aging neighborhoods. Grant funds must be used to leverage private investment in a project to encourage partnerships between government and private industry. To be eligible, applicants must be "distressed". Types of projects funded are: downtown projects in central business districts, industrial areas or neighborhood projects. UDAGs have also been used to support both high- and low-income housing, Copley Place was the beneficiary of such a UDAG, as was the Brightwood Development Corp. for comprehensive revitalization of Springfield's North End. Boston Redevelopment Authority, 722-4300.



# Appendix





# INCOME LIMITS FOR LOW- AND MODERATE-INCOME FAMILIES

Affordability Analysis 1987

See  
attached  
sheet for  
low income  
limits

Family Size	Percent of Median Income		Moderate Income	Low Income
	110%	100%	80%	50%
1	28,800	26,180	20,950	13,090
2	32,910	29,920	23,900	14,860
3	37,025	33,660	26,900	16,830
4	41,140	37,400	29,900	18,760
5	43,710	39,740	31,750	19,930
6	46,285	42,075	33,650	21,440
7	48,855	44,415	35,500	22,210
8	51,425	46,750	37,400	23,375

## Maximum Annual Housing Expense (28% of Gross Income)

Family Size	Percent of Median Income		Moderate Income	Low Income
	110%	100%	80%	50%
1	8,064	7,330	5,866	3,665
2	9,215	8,378	6,692	4,149
3	10,367	9,425	7,532	4,712
4	11,519	10,472	8,372	5,236
5	12,239	11,127	8,890	5,564
6	12,960	11,781	9,422	5,891
7	13,679	12,436	9,940	6,219
8	14,399	13,090	10,472	6,545

## Maximum Monthly Housing Expense (28% of Gross Monthly Income)

Family Size	Percent of Median Income		Moderate Income	Low Income
	110%	100%	80%	50%
1	672	611	489	305
2	768	698	558	341
3	864	785	628	390
4	960	873	698	431
5	1,020	927	741	461
6	1,080	982	785	491
7	1,140	1,036	828	518
8	1,200	1,091	873	545



SUBJECT: 1987 INCOME LIMITS, LOW AND MODERATE-INCOME HOUSEHOLDS

FILE REF. No.

We have received notification from HUD that eligibility income limits for low and moderate-income households have been updated. The following limits are based on a Boston area median income of \$37,400. Effective date: February 6, 1987.

Persons	1	2	3	4	5	6	7	8
(80%) Income	20,950	23,900	26,900	29,900	31,750	33,650	35,500	37,400
(50%) Income	14,400	16,450	18,500	20,550	22,200	23,850	25,500	27,150

MR/bah





# Maximum Allowable Rents for Chapter 707 - Sample Sheet

# of Bedrooms	SRO	0	1	2	3	4	
MAR	342	455	537	629	769	855	Boston

Maximum Allowable Rents (MARs) for Chapter 707 are calculated individually for each community. For further information, contact EOCD, Ann Anderson, Coordinator of Chapter 707 program, (617) 727-7132.

## 1987 Section 8 Fair Market Rents for Existing Housing

	<u>1987 0BR</u>	<u>1987 1BR</u>	<u>1987 2BR</u>	<u>1987 3BR</u>	<u>1987 4BR</u>
Boston	495	600	706	885	990







## Glossary of Terms

ACC	Annual Contribution Contract. The legal document in which HUD agrees to make payments to a public housing authority in support of its operation and the PHA agrees to abide by certain regulations of HUD.
AFDC	Aid to Families with Dependent Children. A form of public assistance available to families with dependent minors and an inadequate level of income. Not to be confused with ABCD, Action for Boston Community Development.
ATCF	After-tax Cash Flow. A measure of income from operations. Specifically, it is defined as net operating income less debt service less income taxes for any year of operation.
AEL	Allowable Expense Level. The level of spending which the Performing Funding System formula allows a public housing authority each year outside of utility expenses.
Amortization	The process of paying back the loan principal (the loan amount not including interest) in installments over an agreed-upon time period.
A.O.	Area Office/Insuring Office. For program administration purposes, the Department of HUD has 10 regional offices and numerous Area and Insuring Offices (usually one per state). The Area Office provides information and technical assistance to the public housing authority and monitors and signs off on many of the PHA activities.
AP	Accounts Payable. Money owed <u>by</u> an entity for goods, property for services which were purchased and have been received.
Applicant	A household that has applied to a PHA and has been accepted as eligible, but has not received a unit.
AR	Accounts Receivable. Money owed <u>to</u> an entity for facilities or services which it provided during the current or previous accounting periods.
Audit	Examination of a financial statement to make sure it correctly follows accepted accounting principles.



BTCF	Before-tax Cash Flow. A measure of annual income from operation equal to net operating income less debt service.
BR	Bedroom. Often used to describe an apartment in terms of its number of Bedrooms, as in "2BR" or "4BR".
BRA	Boston Redevelopment Authority.
Capital Assets	Items of long-term value (that is, won't get used up in a short time) owned by an individual or a corporation: typically accounted for in a capital budget.
Capital Budget	or (Capital Expenditure Budget). A budget which reflects changes in <u>capital assets</u> and <u>capital expenditures</u> anticipated over the long term (see also <u>operating budget</u> ).
Capital Expenditure	Money spent over the long term to add to or improve existing <u>capital assets</u> ; accounted for in a <u>capital budget</u> .
Capitalization Rate	The rate of return that expresses the relationship between one year's income and its corresponding capital value. This is often derived from the marketplace by determining the relationship between the net operating income and the sales prices of other comparable, recently sold properties.
Cash Flow	Where cash has gone during the last recording period; the difference between cash <u>receipts</u> and <u>cash disbursements</u> .
Cash-on-Cash Return	A measure of a project's financial performance which indicates a developer's return on invested equity. The first stabilized year's net operating income, less the annual cost of financing, divided by initial cash investment.
CBO	Community Based Organization.
CDBG	Community Development Block Grant Program. Along with creating the Section 8 Housing Assistance Payments Program, the 1974 Housing and Community Development Act created the Community Development Block Grant Program. this program allocates funds to localities that are <u>not</u> earmarked for specific programs, but rather left to the discretion of local officials. The most common CDBG housing program is a Home Owners Rehabilitation Program which





provides loans, grants or tax abatements to stimulate private renovation. Some PHAs receive grants from the CDBG program of their local community, usually for certain rehabilitation tasks or for a social services program.

CDC	Community Development Corporation.
Certificates	The paper which confirms for an applicant to the Section 8 Existing Program that he or she will actually receive assistance if they find a unit that rents for the FMR or less and meets HQS and size standards for his or her family. PHAs have funding for a specific number of certificates in each bedroom size category. If an applicant has held a certificate for 60 days (and possibly a 30 day extension) without locating a unit, the certificate is withdrawn and given to another applicant.
CFA	Contract for Financial Assistance. The legal document in which EOCD agrees to make payments to an LHA in support of its operations and the LHA agrees to abide by certain regulations of EOCD.
Chapter 200	A Massachusetts public housing program for families known as Veteran's Housing.
Chapter 667	A Massachusetts public housing program known as Housing for the Elderly.
Chapter 705	A Massachusetts public housing program known as Housing for Large Families.
Chapter 707	A Massachusetts public housing program known as Leased Housing. Under this program the LHA leases units from private owners and sublets them to eligible residents.
CIAP	Capital Improvement Assistance Program - otherwise known as Modernization. Administered by HUD to local Housing Authorities to use capital improvements repairs, management improvements and planning costs to federal public housing.
Construction Loan	An interim loan used to finance the construction of buildings and other improvements on a site. typically, only interest is paid or accrued during the construction period. The construction loan is usually paid off with the proceeds of a permanent mortgage.



Debt Coverage Ratio	The ratio of net operating income to debt service. Traditionally, it is used as a measure of financial risk by lenders. Typical values of well-run investments vary between 1.2 and 1.5.
Debt Service	The periodic payment of interest only (in "interest-only" loans) or interest and principal reduction (in level-payment amortization loans). This is also commonly referred to as the mortgage payment.
Defensible Space	A concept originated by Oscar Newman in his book of the same title. It refers to the use of architectural elements (steps, hedges, paving, fences, lighting, change in level, etc.) to define private, semi-private and public spaces within a housing site so that residents and visitors alike can tell who is responsible for what spaces and where they are welcome. In this way, the spaces can be "defended" by the people who are responsible for them rather than being left as "everybody's" responsibility and therefore <u>nobody's</u> responsibility.
Depreciation Allowance	An accounting concept that permits the reduction of taxable income in determining tax liability. Developers are permitted to subtract a portion of the value of a property from their taxable income each year for a specified number of years. Since depreciation allowance is not a cash expense and since the actual depreciation (loss in value) of the property bears no relationship to the depreciation allowance for tax purposes, this amount forms the basis of tax shelter for real estate.
Depreciable Basis	The portion of the real estate investment against which the investor may take either straight-line or accelerated depreciation. It is most commonly the purchase price of an income-producing property, less the value of the land, plus the cost of any subsequent improvements since purchase, less previously taken depreciation deductions.
Effective Gross Income	The amount of income available to pay expenses after vacancy losses have been deducted.
EOCD	Executive Office of Communities and Development. The financier and overseer of all Massachusetts public housing programs.



Development Budget	A budget which reflects all of the costs of developing a project (e.g., labor, equipment, materials, fees for contractors and architects, construction loan interest).
DLI	Department of Labor and Industries. The state agency which is required by law to establish wage rates for blue collar workers at PHA.
Equity	An investor's cash investment in real property. It does not include the financing contributed to the project by a lender, i.e., debt. Equity can grow as the value of the property increases, and the mortgage principal is gradually reduced by mortgage payments.
Fidelity Bond	An insurance contract protecting against losses resulting from employee dishonesty.
Financial Leverage	The increase in the rate of return to the equity investor due to borrowing funds. Favorable financial leverage exists when the rate of return on the investment is greater than the cost of borrowing funds. Unfavorable financial leverage exists when the cost of borrowing is greater than the rate of return on the investment.
FY	Fiscal Year. The twelve month period at the end of which an entity closes its books and makes an annual report of financial operations.
FMR	Fair Market Rent. Maximum rental levels are established for different types of housing units in different housing market areas by HUD. Rent (plus utilities) may not exceed the FMR for the Section 8 program in each community. Separate FMRs are set for each size unit (one bedroom, two bedroom, etc.) and according to whether there is an elevator or not.
FMR Exceptions	Two procedures exist for increasing allowable FMRs: (a) Fair Market Rents may be exceed by units which, by virtue of special features, amenities, and location, are deemed to warrant the additional rent that is required. The PHA may approve this increase for up to 20% of the units authorized by their ACC. The HUD field Office may authorize a PHA to approve more than 20% of its units at higher rents. (b) <u>A PHA may request</u> Area Office approval for maximum gross rents for all units of a given size or type (elevator, non-elevator) which are up to 20% greater than the applicable FMRs.



such requests must be supported by the PHA's statement describing and documenting the special circumstances warranting higher rents.

General Partnership	A joint ownership form characterized by personal income tax rates and unlimited liability.
Grievance	A cause of distress which gives reason for complaint or resistance; or a complaint.
HQS	Housing Quality Standards/HUD Acceptability Criteria. Housing Quality Standards is a general term for the housing code standards that a locality (or, in this case, a PHA) enforces. The HUD Acceptability Criteria are the minimum housing quality standards that are to be enforced under the Section 8 inspection procedures. To modify the HUD Acceptability Criteria, a PHA must obtain a waiver from the Area Office.
HUD	U.S. Department of Housing and Urban Development. The financier and overseer of all federal public housing programs.
IRR	Internal Rate of Return. An investment analysis technique that calculates for the rate that will reduce future cash outflows from a real estate investment to equal the initial cash investment (inflows). This is sometimes called the yield on the investment.
Joint Venture	A legal arrangement in which two or more parties undertake to share the risks and rewards of a venture on an agreed basis.
Leased Housing	A program where apartments that are privately-owned are leased and made available to low- and moderate-income households. In some cases the household leases the unit directly and the PHA makes a payment to the owner on behalf of the resident. In other cases, the PHA leases the unit and sublets it to an eligible tenant.
Limited Partnership	A form of ownership in which partners are divided into two classes: the general partner or partners who actively manage the operations of the group and bear full responsibility for its affairs, and the limited partners, whose exposure is normally limited to the amounts for which they are obligated under the terms of the partnership agreement and who have no control over the affairs of the partnership.





LHA	Local Housing Agency/Authority. EOCD's generic name for all public agencies authorized to administer low rent public housing programs.
Low Income	HUD's official designation for an annual adjusted gross family income that is equal to 50% or less of the median income of all families of that size in the appropriate metropolitan area. (In some newer programs, this category is called Very Low Income). For state programs Chapters 667, 705, 707, income eligibility is 64% of the area median income.
MHFA	Massachusetts Housing Finance Agency.
MHP	Massachusetts Housing Partnership.
MAR	Maximum Allowable Rent. EOCD's term for Fair Market rent. Used for the Chapter 707 Rental Assistance program. These are calculated by small regions.
MCAD	Massachusetts Commission Against Discrimination. The state agency which is charged with uncovering and prosecuting any acts of discrimination.
Market Rate Income	HUD's official designation for an annual adjusted gross family income that is greater than 80% of the median income of all families of that size in the appropriate metropolitan area.
MIP	Management Incentive Program. The system of performance measures by which EOCD determines the budgetary caps in various categories for each LHA each year.
Moderate Income	HUD's official designation for family income that is greater than 50% but less than 80% of the median income of all families of that size in the appropriate metropolitan area. (In some newer programs, this category is called Lower Income).
Mortgage	A legal instrument under which property is pledged to secure the payment of a debt or obligation, subject to statutory requirements governing the procedure for foreclosure in the event of a default.
NOI	Net Operating Income. Gross property income, less operating expenses and property taxes. It does not reflect further deductions for mortgage payments, income taxes, depreciation, or non-operating expenses.



Net Present Value	The amount that results when the initial cash expenditure of a real estate investment is subtracted from the value of future receipts from the investment and is discounted at an acceptable rate.
Note	Evidence of indebtedness given by a borrower to a lender which is customarily secured by a mortgage on real estate, a letter of credit or other form or security.
NOFA	Notification of Funding Availability. The invitation which HUD issues developers when it has subsidy funds available to support new developments.
NOHAA	Notification of Housing Assistance Availability. The invitation that HUD issues to PHAs when it has Section 8 Existing Housing Assistance Payment funds available to support the issuing of new certificates.
Operating Budget	A budget which shows an organization's planned operations for the coming year (short term) in terms of money coming into the organization from its activities or investments and money being paid out to cover costs; that is, in terms of revenues and expenses (see also: <u>Capital Budget</u> ).
PFS	Performance Funding System. The formula and regulation by which the amount of operating subsidy HUD pays to a PHA each year is calculated.
Percentage Leases	Leasing arrangements that allow for a varying rent schedule according to volume of sales or income.
Permanent Loan	A mortgage loan intended to serve as permanent financing for the ultimate owners of the property. Sometimes this is called an end loan.
PHA	Public Housing Agency or LHA. HUD's generic name for all public agencies authorized to administer low rent public housing programs.
PMSA	Primary Metropolitan Statistical Area.
Points	Financial charges paid in connection with loan commitments or loans usually expressed as a percentage of the total amount borrowed.



Policy	The overall principles which guide and control an organization's day-to-day procedures.
Procedures	The specific steps taken to implement a policy or carry out an action.
Potential Gross Income	The amount of rental income that would result from 100% occupancy.
PUM	Per Unit Money. The method of expressing costs of a PHA/LHA so that costs can be compared for agencies of varying size. The PUM for any annual amount by 12 (months) and by the number of units covered by the budget item.
Purchase Order	An authorization to spend money to buy a specific set of goods or services.
Recertification	Reexamination of family income, composition, and the extent of medical or other unusual expenses incurred by the family is made by the PHA annually (except that such reviews may be made at intervals no longer than two years in the case of elderly families).
Recipient	A household that (1) has been certified by a PHA as eligible for participation in the Section 8 program; (2) has an acceptable unit meeting program rent requirements and locally prescribed housing quality standards; and (3) has Section 8 funds paid to its landlord to assist with rent payments.
Replacement Reserve	A separate fund maintained by a property owner for the specific purpose of replacing equipment as it wears out.
Residency Requirement	A criterion for tenant selection which accepts only applicants already residing in the local community.
Reversion	The price or value of income-producing real estate at some point in the future when its sale can be expected.
Section 8: Existing	A federal public housing program where the PHA provides payments to private owners on behalf of eligible residents who have leased those units.
Section 8: Moderate Rehabilitation	A federal public housing program where PHAs guarantee to lease units from private owners once they are rehabilitated and then sublet them to eligible residents.



Selling Expenses	The transaction costs associated with the conveyance of interests in real property.
SMSA	Standard Metropolitan Statistical Area. The Census Bureau definition of the suburbs that should be included in a central city's metropolitan area.
Soft Costs	Development costs other than those devoted to land and actual construction, such as interest on borrowed funds, architectural and other professional fees, marketing costs, and incidental costs.
Specs	Specifications. A detailed, precise description of work to be done, including itemization of materials and methods. In property improvement, usually prepared by an architect or engineer as work requirements for the <u>contractor</u> .
SRO	Single Room Occupancy Housing Facility. These are rooming houses, or hotels serving somewhat permanent occupants, and other facilities where a resident typically lives in one room and shares kitchen and bath facilities with neighbors.
Tax Shelter	The opportunity to protect current income from taxation by taking current deductions against income that defer taxes and converting the income deferred from an item subject to the ordinary income tax to one qualifying for exclusion before taxation. Tax shelter exists wherever the depreciation expense is greater than the amortization of principal.
Utility Allowance	The amount allowed a household for payment of utility expenses which are not included in the contract rent. The allowance, set by the public housing agency in the Section 8 Existing Housing Program and by the HUD Area Office in the New Construction and Substantial Rehabilitation Programs, dependent on the size and the structural type of the unit and local climatic conditions.
Unit	One living space for a family of one or more people. Usually, an apartment is a unit. Typically (but not always) a unit has a private bath and a kitchen. Sometimes also called a Housing Unit or a Dwelling Unit or a D.U.
Unit Mix	The distribution of development units having one bedroom, two bedrooms, three bedrooms, etc.





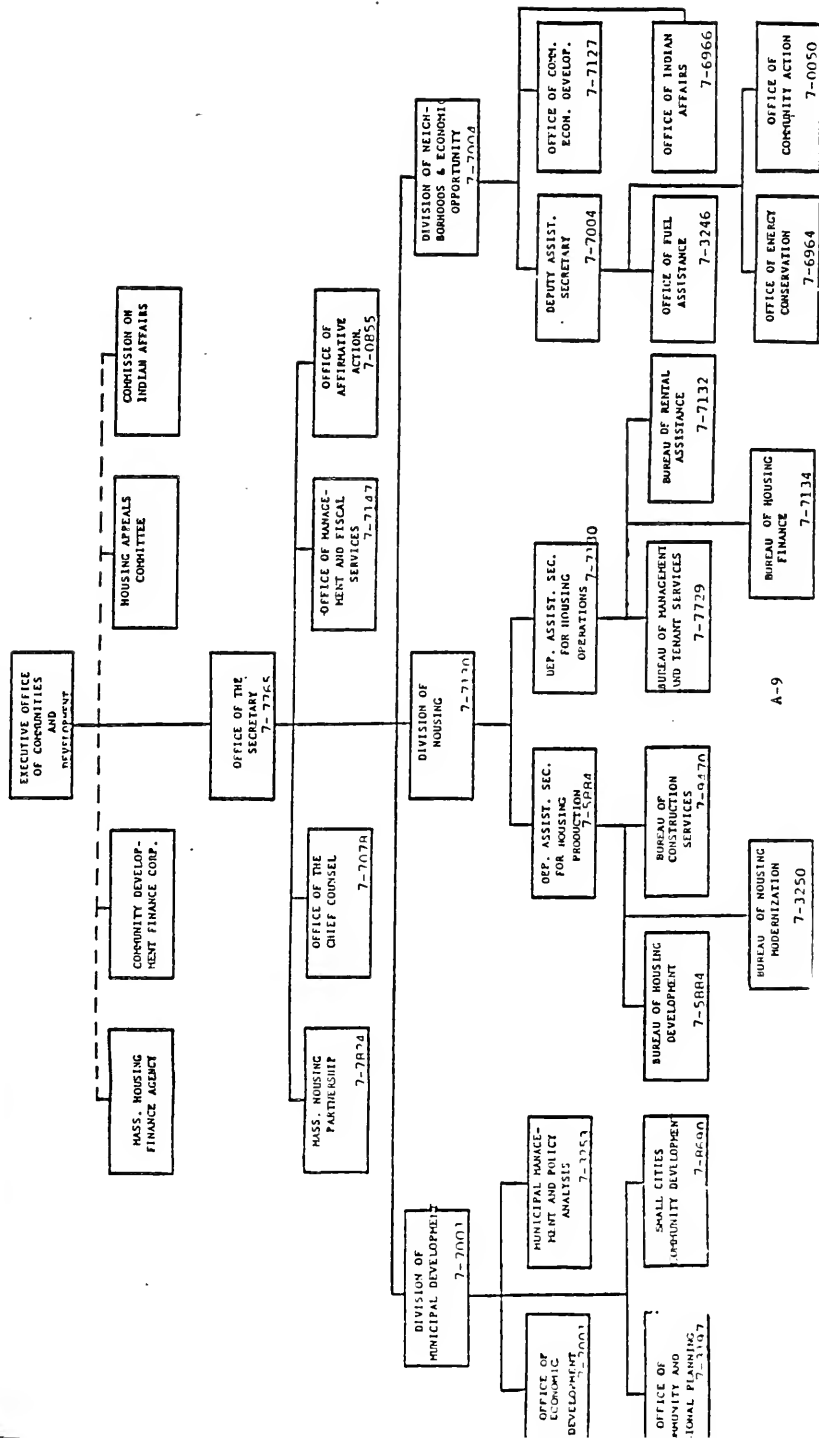
USDA	United State Department of Agriculture
Vacancy Allowance	The amount that reduces potential gross income based upon the probability of the occurrence of vacancies.
Vacancy Loss	Portion of the gross potential income which is uncollectable because some units are not rented all the time.
Work Order	An authorization to perform a particular activity, usually in housing management referring to a maintenance or repair activity.







ORGANIZATION BUREAU OF EXECUTIVE OFFICE OF COMMUNITIES AND DEVELOPMENT (EOCD)





# EOCD PHONE DIRECTORY - LISTING BY PROGRAM

<u>Program</u>	<u>Contact</u>	<u>Phone*</u>
A-95 Intergovernmental Review (DMD)	Beverly Boyle	7-3253
Affirmative Action Officer	Leroy Walker	7-0855
Arson Prevention (DNEO)	Laura Younger	7-7127
Capacity Building (DMD)	Tom Gleason	7-0494
Circuit Rider (DMD)	Ann Whittaker	7-3253
Commonwealth Service Corps (DNEO)	Melinda Lusk	7-4258
CARD (Commercial Area Revitalization Distr.)(DMD)	John Young	7-3197
CDAG (Community Development Action Grant) (DMD)	David Drosnick	7-3197
CEED (Community Enterprise Economic Development) (DNEO)	Annette Casas	7-7127
Core-Focus (DMD/Housing)	Tom Gleason Bob Pyne	7-8690 7-7130
CSBG - Community Services Block Grant (DNEO)	Janice Sams Debarros	7-7004
Designer Selection (Housing)	Paula Alberghini	7-9470
EDSA - Economic Development Set Aside (DMD)	Karen Blair	7-7180
Elderly Housing (Housing)	Dorothy Altman	7-5884
Energy Conservation (Weatherization) (DNEO)	Bill Concannon	7-6964
Executive Order 215 (Housing)	Carol Ford	7-7130
Family Housing (Housing)	Suzanne Barclay	7-5884
Feasibility Study Grants (DMD)	Murph Yule	7-7180
Fuel Assistance (DNEO)	Marc Young	7-3246
Handicapped Housing (Housing)	Bob Nason	7-5884
Home Rule Charter Reform-Tech. Assistance (DMD)	Mark Morse	7-3253
Housing Abandonment (DNEO)	David Koven	7-7127
Housing Appeals Committee (Chief Counsel's Office)	Ed Kelley	7-6192
Housing Management (Housing)	Sandra Henriquez	7-3240
*All exchanges are 727-	(over)	





## HOUSING DIVISION

## KEY STAFF

Secretary Amy Anthony's Office:	727-7765
Administrative Assistant Kate Racer	
Joseph L. Flatley, Assistant Secretary for Housing	727-7824
Director, Mass. Housing Partnership	
Ann Aldrich, Administrative Assistant	727-7824
Tom Gleason, Director, Home Ownership Opportunity Program	727-7824
Carl White, Senior Policy Analyst, Home Ownership Opp.Pr.	727-7824
Robert L. Pyne, Deputy Assistant Secretary for	
Housing Operations	727-7130
Vacant Director of Housing Management	727-3240
Carole Collins, Deputy Director of Housing Management	727-3240
Deborah De Witt, Director of Housing Finance	727-7134
Paul Johnson, Deputy Director of Housing Finance	727-7134
Paul Kerrigan, Coordinator of Supportive Services	727-7134
Cesar Zapata, Director SHARP Program	727-7130
Ann Anderson, Coordinator of Chapter 707 Program	727-7132
Mary Anne Morrison, Coordinator of Section 8 Program	727-7132
William Riley, Director MetHAP Office	727-3256
Deborah DeWitt Director, Bureau of Housing Finance	727-7134
Marcia I. Lamb, Deputy Assistant Secretary for	
Housing Production	727-7130
Ronald Bedford, Director of Housing Development	727-5884
Dorothy Altman, Coordinator of Elderly Housing	727-5884
Suzanne Barclay, Coordinator of Family Housing	727-5884
Robert Nason, Coordinator of Handicapped Housing	727-5884
Stephen Demos, Chief Architect	727-5884
James Fitzpatrick, Director of Housing Modernization	727-3250
Chih-Chien Wang, Modernization Architect	727-4184
Karl Stockman, Mechanical-Electrical Engineer	727-4184
Paula Alberghini, Director of Construction Services	727-9470
Vacant Deputy Director of Construction Services	727-9470
Robert Danilecki, Construction Architect	727-9470
Gail Monahan, Director of Teller Program	727-7130



Housing Services (DNEO)	Linda Prosnitz	7-7127
Incentive Aid (DMD)	Mark Morse	7-3253
Indian Affairs (DNEO)	John Peters	7-6966
Land Use Regulations/Zoning (DMD)	Don Schmidt	7-3197
Main Street (DMD)	Kathy Bartolini	7-3197
Mass. Electrical Municipal Consumer Group (DMD)	Ed Donnelly	7-3253
Mass. Housing Partnership	Carl White	7-7824
MethHAP (Housing)	John Gannon (Acting)	7-3256
Modernization (Housing)	Jim Fitzpatrick	7-3250
Mobile Home Commission	Carl White	7-7765
Neighborhood Housing Services (DNEO)	Linda Prosnitz	7-7127
Public Housing Construction (Housing)	Paula Alberghini (Act.)	7-9470
Refugees (DNEO)	Alice Erickson	7-7004
Relocation Assistance (DMD)	Sylvester Sylvia	7-7180
Rental Rehab. (DMD)	Tom Gleason	7-8690
Rural Development (DMD)	Carolyn Britt	7-3253
Section 8-Federal Rental Assistance (Housing)	Mary Anne Morrison	7-7132
School - Municipal Program (DMD)	Dick McKay	7-3253
Small Cities Community Development Block Grant (DMD)	Tom Gleason	7-8690
Strategic Planning (DMD)	Jean Van Orman	7-3197
Special Projects (DNEO)	Scott Marcelais	7-7127
SHARP (Housing)	Marcia Lamb	7-7130
Supportive Services (Housing)	Paul Kerrigan	7-7134
TELLER (Housing)	Gail Monahan	7-7131
Urban Renewal (DMD)	Arlene Brown	7-3253
Weatherization (Office of Energy Conservation) (DNEO)	Bill Concannon	7-6964







## STATE LAWS AND POLICIES THAT AFFECT HOUSING

Chapter 774 of the Acts of 1969 - the "Anti-Snob Zoning" Law: This act allows a public agency, i.e., a local housing authority, a nonprofit organization or a limited-dividend corporation that owns or has optioned land and proposes to build government-subsidized housing for low- and moderate-income people, to apply to a local zoning board of appeals for a comprehensive building permit. When an application is made, relevant boards and personnel (planning, zoning, conservation, water, health, sewer, policy, etc.) are notified by the zoning board of appeals to make recommendations within thirty days of the application. This one-stop permit process simplifies costly and time-consuming local permit procedures and gives a local zoning board of appeals limited power to override local construction/zoning codes, which might impede subsidized housing.

Following the hearing and public comments, the zoning board of appeals may issue a comprehensive permit for the project or a permit with conditions that are acceptable to the developer. If the board of appeals denies a permit or issues a permit with conditions that the developer considers unacceptable, the developer may appeal for a new hearing before the Massachusetts Housing Appeals Committee (HAC).

The local board of appeals may refuse to consider a comprehensive permit application only if the community already has government subsidized low- and moderate-income housing in excess of ten percent of its total housing stock, or if it has low- and moderate-income housing on sites comprising one and one-half percent of its land area.

Executive Order 215, March 15, 1982: Under this order it is the policy of the state that all state agencies dispersing "development related" assistance to withhold discretionary funds from municipalities which have been unreasonably restrictive of new housing growth. Such withheld assistance may include: economic development assistance, open space and recreation funds, technical assistance grants, conservation land grants, grants for sewer collection and water supply systems, funding for transportation improvements, bicycle paths and other public developments.

Income Eligibility Limits for Public Housing (Chapter 667, Chapter 705 and Chapter 707: These limits are 64 percent of the median income for an area (see Appendix). Rents paid by clients of the above programs are set at no more than 25 percent of income. Rent eligibility levels for the 707 program are calculated individually for each community (see Appendix sample sheet). The Chapter 707 client also pays no more than 25 percent of income for rent. The Chapter 707 program makes up the difference in the eligible rents charged by landlords.

Income Eligibility Levels for Section 8: There are two income eligibility levels for Section 8: lower (80 percent of median) and very low (50 percent of median). HUD now requires, except in cases of displacement, that persons in the very low-income level be the ones served. Section 8 rental assistance payments are based on a fair market rent level set by HUD for given areas. The Section 8 certificate holder must find a house within the HUD designated fair marker rent level. The client then pays 30 percent of income for rent





and HUD, through the local housing authority, makes up the difference. The problem is that in many cases the fair market rents are set too low and the client is unable to find housing within the price limits and ultimately after the allotted sixty days has to return the unused certificate (see Appendix for income eligibility levels and fair market rents).

Community Housing Need Indicators: The EOCD Housing Needs Survey is the official document for this information. All housing-related funding proposals to local governments are measured against these figures. The housing needs and housing effort in your community may be obtained by a call to Bill Murray, EOCD (617) 727-3237. These figures are predicated on the basis of meeting needs of the elderly in the community where they reside. However, the new construction needs of families were allocated to each city and town on the basis of four criteria: (1) local housing need, (2) number of low- and moderate-income jobs in the municipality and contiguous communities, (3) growth in the number of low- and moderate-income jobs, and (4) fiscal capacity of the city or town. These criteria resulted in a definition of need that includes an equitable sharing of responsibility for providing low- and moderate-income family housing among cities and towns of the Commonwealth. It is unlikely that your community has envisioned all of these needs.



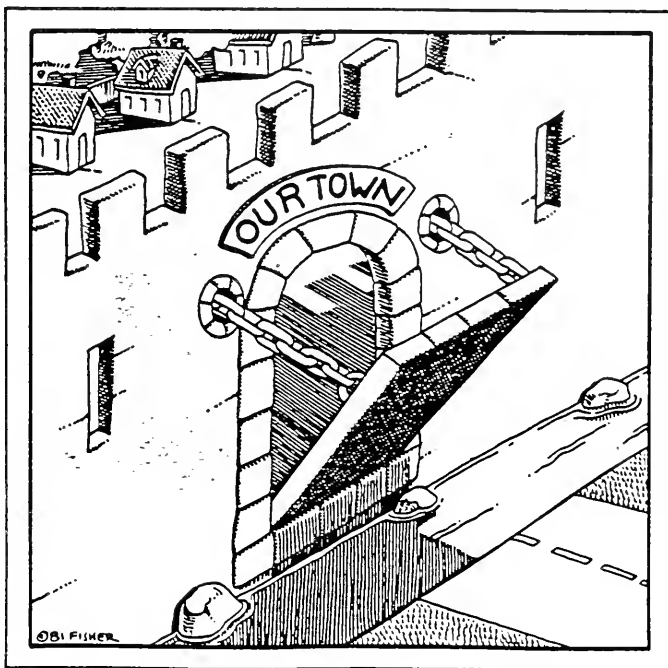






# Local Housing Policies and State Development Assistance

A Guide to Executive Order No. 215



Dear Massachusetts Citizen:

Through the 1980's Massachusetts will experience a dramatic increase in the rate of household formation, as the so-called "baby boom" generation reaches the homebuying ages. Without an adequate housing supply to meet the increasing demand, shelter costs will continue to escalate.

The social and economic consequences of this housing affordability crisis are alarming. As housing becomes scarce and more expensive, the poor and the elderly will face the most severe deprivation. Renters will be forced to spend higher proportions of their income on rent. First time homebuyers will be excluded from the market. Access to growing suburban employment opportunities will be restricted, and the Commonwealth's ability to attract and retain industry will be constrained.

While general inflation and national monetary policy significantly influence housing costs, affordability is also affected by local attitudes towards residential development. By excluding housing growth in general, or a specific housing type in particular, communities place an unreasonable burden on their neighbors and on the Commonwealth as a whole.

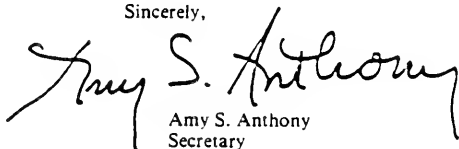
Solutions to the housing affordability crisis require the cooperation of individuals from both the public and private sectors. State government has a responsibility to play a leadership role — specifically, the Commonwealth must continue to actively encourage more balanced local attitudes towards housing growth.

Towards this end, Governor Dukakis has directed all state agencies to maintain firm enforcement of Executive Order 215. Consequently, in reviewing local applications for discretionary state funds, it will be state policy to withhold funding from communities determined to be unreasonably restrictive in their housing practices.

The Executive Office of Communities and Development has issued this brochure to explain how the Executive Order will be enforced, and what communities can do to ensure continued eligibility for state assistance.

Please be assured, my office is prepared to offer whatever assistance you may require towards meeting our mutual goal of more affordable housing opportunities.

Sincerely,

A handwritten signature in dark ink, reading "Amy S. Anthony". The signature is fluid and cursive, with the first name "Amy" and last name "Anthony" clearly legible. The middle initial "S." is also present.

Amy S. Anthony  
Secretary

COMMONWEALTH OF MASSACHUSETTS

EXECUTIVE ORDER NO. 215  
DISBURSEMENT OF STATE DEVELOPMENT ASSISTANCE

*Preamble*

The development of affordable housing is critical to meeting the needs of the Commonwealth's population. In order to accommodate the growing housing needs of our population, Massachusetts needs to add to its housing supply over the next decade. Without a supply of affordable housing, Massachusetts will find it more difficult to attract and retain industry.

Massachusetts provides funding to its cities and towns through a variety of programs designed to foster sound growth and development. The distribution of discretionary funds should, to the maximum extent feasible, promote the balanced growth of the Commonwealth.

In some cities and towns, local regulations and restrictions have the effect of excluding the development of affordable housing. In so doing, they have imposed development costs inequitably on other communities and have impaired the ability of our citizens to locate affordable housing. It is appropriate, therefore, in the review of local applications for state development assistance that the city's or town's housing policies and practices be taken into consideration. This shall be accomplished so as not to infringe upon the constitutional right to home rule.

WHEREAS, housing growth, economic development, and environmental protection are statewide needs which are not mutually exclusive and are each vital to the balanced growth and development of the Commonwealth; and

WHEREAS, an ample supply of housing, with diversity in price and location, is necessary both for the well being of our citizens and for a strong state economy; and

WHEREAS, state development assistance should be awarded to cities and towns which are not unreasonably restrictive of housing growth;

NOW THEREFORE, I, Edward J. King, Governor of the Commonwealth of Massachusetts, by virtue of the authority vested in me by the Constitution and by the statutes of this Commonwealth, do hereby order and direct that:

1. All state agencies disbursing development-related financial assistance to cities or towns should consider, in making such discretionary awards, the applicant city's or town's housing policies and practices. It should be the general policy of all state agencies not to award discretionary funds to cities or towns which have been determined to be unreasonably restrictive of new housing growth. For the purposes of this Executive Order, "development-related assistance" may include (but is not limited to): economic development assistance; open space and recreation funds; technical assistance grants; so-called "urban systems" transportation improvements; conservation land grants; elderly housing; sewer collection system and water system grants; parking facility funds; convention center facility grants; federal grant funds for development-related activities; and the review of federal grant applications for development assistance. For the purpose of this Executive Order, "development-related assistance" does not include local aid fund reimbursements or distributions.

2. The Secretary of Communities and Development (hereinafter, the Secretary) shall make a determination, based on evidence submitted to him, regarding whether a city or town is or is not unreasonably restrictive of housing growth. In making this determination, the Secretary shall give special consideration to the city's or town's efforts to facilitate the development of housing for low and moderate income families. The city or town shall be notified in writing of the determination, and a negative determination shall be re-evaluated upon a showing of a significant effort toward policy re-direction. A listing of all determinations shall be distributed on a regular basis to all state agencies which disburse development-related assistance.

3. Evidence may be submitted to the Secretary at any time regarding a particular city's or town's housing policies and practices, in accordance with procedures established by the Secretary. A copy of such evidence shall be forwarded to the chief elected official of the city, or the board of selectmen of the town, and the city or town shall be provided an opportunity to respond to the evidence as submitted. The Executive Office of Communities and Development shall solicit housing information from time to time, in order that a state housing profile may be compiled.

4. The Secretary shall respond within 14 days to requests from agencies regarding whether a specific city or town is or is not unreasonably restrictive of housing growth. If the timely award of assistance is critical, the Secretary may waive this review period. Each state agency which disburses development-related assistance to cities and towns shall cooperate with the Executive Office of Communities and Development to establish a mutually acceptable procedure to review, based upon the Secretary's heretofore declared determination of an applicant city's or town's housing policies, what course of action should be required on the application for the development related assistance.

5. Exceptions to the above defined requirements shall be granted for awards that are regionally significant, unique, or in the public interest upon petition of the Cabinet Secretary responsible for the funding agency to, and with the concurrence of, the Commissioner of Administration.

6. The Executive Office of Communities and Development, at the request of the city or town, shall provide assistance to those cities and towns which have been determined to be unreasonably restrictive of new housing growth to develop a specific strategy, with clearly defined actions, to facilitate the development of affordable housing. Once a strategy has been developed, and it has been approved by the Secretary and by the appropriate local boards and commissions responsible for its implementation, the Secretary shall make a determination that the city or town is not unreasonably restrictive of new housing growth, and shall so notify all appropriate state funding agencies.



How will a community's housing policies be linked with state development-related grants?

Executive Order. 215 directs all state agencies which administer development-related assistance programs to consider the applicant community's housing policies and practices. It will be the policy of state government that no grant awards be made to communities which have been determined to be unreasonably restrictive of new housing growth. Such determinations will be made by the Secretary of Communities and Development.

Which state programs will be affected?

In general, this Executive Order applies to all state development assistance programs. Specifically, the following programs will be affected:

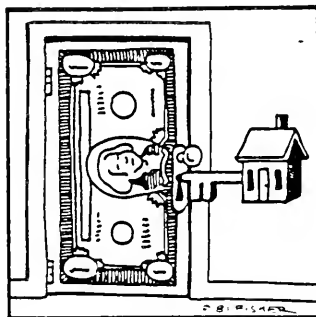
- ☐ economic development assistance;
- ☐ open space and recreation funds: --
- ☐ technical assistance grants;
- ☐ so-called "urban systems" transportation improvements;
- ☐ conservation land grants;
- ☐ elderly housing grants;
- ☐ sewer collection and water system grants;
- ☐ parking facility funds;
- ☐ convention center grants;
- ☐ federal block grant funds (administered by state government) for development-related activities; and
- ☐ the state's review of federal grant applications for development assistance.

Any community which is routinely excluding housing growth will be denied future grants under the above programs. (It should be noted that the Executive Order will not affect ongoing state investment programs for transportation and wastewater facilities.)

Under regulations promulgated by the federal Office of Management and Budget (OMB) known as "A-95," state government has an opportunity to review and comment on virtually all applications for federal assistance. Where the applicant community has been determined to be unreasonably restrictive of new housing growth, the state's review will indicate that, due to this fact, state government cannot support the application for federal funds.

Does this new policy conflict with local "home rule"?

State government is not attempting to dictate local housing policies. Those policies are appropriately made at the local level. This state policy does not infringe on local government prerogatives to determine local zoning and subdivision regulations, nor does it directly interfere with any local action dealing with housing issues.



However, state government does have a responsibility, in deciding how to allocate state funds, to ensure that those funds support overall state policies. At this time, the state faces a critical shortage of affordable housing, while housing production levels continue at an all time low. The consequences of an escalating housing shortage could be disastrous. If this situation is to be improved, then each community will have to accommodate its "fair share" of housing growth. When any one community decides to exclude housing growth, other communities often bear the brunt of that decision. The state cannot continue to "reward" exclusionary communities with state discretionary funding.

With population growth levelling off, do we really need that much additional housing?

It is true that Massachusetts population growth is levelling off — our population grew by slightly less than 1% between 1970 and 1980. But the growth of households continues at a substantial rate, nearly 18% over the past decade, and about 16% is projected between 1980 and 1990. This high level of growth in households is due in large part to the children of the so-called "baby boom" who are now adults and are entering the housing market in ever increasing numbers. In addition, there is a growing number of smaller households of single people, widowed or divorced persons, and the elderly.

Several independent studies have indicated that the housing needs of the Massachusetts population will translate into demand for at least 33,000 additional units of housing each year through the 1980's. But

even with this high level of demand, we've only been constructing on the average of about 20,000 units per year since 1975. This compares with over 60,000 units per year in the early 1970's. We just aren't producing new housing fast enough to meet the demand. As supply goes down and demand increases, prices continue to rise. The result is that we are all hurt — homeowners, renters, developers, building trades, businesses, young families, the elderly — by the growing housing shortage.

A number of factors contribute to our shortage of affordable housing. Some of these factors, such as high mortgage interest rates, may be beyond our control here in Massachusetts. But one of the major obstacles — exclusionary local housing policies and practices — is a factor which we can do something about.

How will a community be determined to be "unreasonably restrictive of new housing growth"?

The Secretary of Communities and Development will determine that a community is "unreasonably restrictive of new housing growth" only after all three of the following conditions have been met:

1. there is clear and persuasive evidence presented indicating that the community has routinely excluded housing growth;
2. the community has been given an opportunity to respond to that evidence, and it has not satisfactorily disputed the facts as presented; and
3. the community has not developed a specific strategy, with clearly identified actions, to facilitate the development of affordable housing.



Therefore, before any such determination is made, the community will be given an opportunity to refute the factual evidence submitted, and to present its strategy for responding to the situation as it exists.

How does someone present evidence on a community thought to be "exclusionary"?

Evidence regarding a specific community can be submitted to the Secretary of Communities and Development by any of the following:

- ☐ a local board or local elected official from that community;
- ☐ the regional planning agency;
- ☐ ten or more residents of the community;
- ☐ a housing developer aggrieved by a specific local action; or
- ☐ the Massachusetts Commission Against Discrimination.

In addition, the Executive Office of Communities and Development will be collecting information on all communities to be used as a basis for comparison.

A copy of evidence submitted will be forwarded to the affected community, through its chief elected official, and the community will be given an opportunity to respond.

Evidence submitted must clearly demonstrate at least one of the following findings: (a) that the recent rate of housing construction in the community is substantially lower than the rate of similar communities in its region; (b) that the community's policies and regulations tend to exclude affordable housing; or (c) that the community has routinely denied approvals for housing proposals.

Will a community be given an opportunity to respond?

Before any determination is made that a community has unreasonably excluded housing growth, the affected community will be provided with two opportunities to respond.

First, the community will be able to dispute the factual evidence submitted. For example, incorrect or obsolete data may have been submitted. Or, unique local characteristics (such as a large share of publicly-owned land) might explain low housing growth.

Secondly, the community will be able to formulate a specific strategy, with clearly identified actions, to facilitate the development of affordable housing. For example, the community might decide to revise its zoning to allow innovative housing options (such as the "four-plex"), or to provide incentives for the development of affordable housing. The formulation of specific actions would be total a local responsibility. Any plan must have the net effect of stimulating more housing and

less expensive housing. If the strategy is found to be acceptable by the Secretary and it has been approved by the appropriate local boards and commissions responsible for its implementation, then the community will be determined to be not unreasonably restrictive of new housing growth.

Only when a community is unable to respond effectively to either of these opportunities will a determination be made that the community is unreasonably restrictive of new housing growth.

When a community has been determined to be "exclusionary," what are the immediate impacts?

Once a community has been determined to be "exclusionary," the Secretary of Communities and Development will notify:

- ☐ the community, through its chief elected official;
- ☐ the Governor;
- ☐ all state agencies disbursing development-related financial assistance; and
- ☐ the "A-95" Clearinghouse, along with the Federal Regional Council.

The notification will indicate that, under normal circumstances, development-related grant awards will not be made to the identified community, pursuant to the Executive Order.

In addition, when any state agency is considering making a grant award, it will notify the Executive Office of Communities and Development (EOCD) at least 14 days prior to any final award decision. Within that period of time, EOCD will notify the agency if a determination

(one way or the other) had been previously made. If no determination regarding a particular community had been made previously, the Secretary might utilize that period of time to make a determination, if there were evidence warranting such action.

Will this disrupt ongoing grants and the projects they support?

The Executive Order does not apply to ongoing grants, or to existing project commitments. These will not be disrupted. The intent of the Executive Order is to limit future awards of state development grant funds to only those communities who are not exclusionary.

Once a community has been determined to be "exclusionary," how can the community get that determination changed?

The determination will be reviewed after six months. If the community has developed an acceptable strategy and it has demonstrated its commitment to implement that strategy, then the determination will be changed, and funding agencies will be so notified.

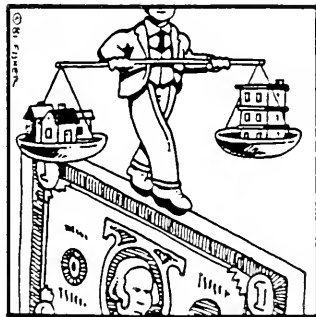
Will exceptions to this policy be granted?

Exceptions to the Executive Order will be granted *only* for projects that are regionally significant and unique, and *only* upon petition of the Cabinet Secretary with oversight of the funding agency, and *only* upon the concurrence of the Secretary of Administration and Finance.

If a community has developed subsidized housing, is that sufficient to satisfy the Executive Order?

The Governor issued the Executive Order based on a concern about the overall shortage of affordable housing — public and private. Subsidized housing plays an especially important role in meeting the needs of elderly and low-income families. But, even with our greatly expanded efforts to provide subsidized housing, the vast majority of our residents will meet their housing needs through the private housing market. And while our programs to provide subsidized housing have become increasingly successful, private housing production is at an all time low — and that private housing which is being built is beyond the reach of 90% of our residents.

As a result, this new state policy is aimed at limiting state development grants to only those communities whose policies promote an increase in the overall supply of housing. The development of subsidized housing — particularly if only housing for the elderly — will not, in and of itself, demonstrate that a community is accommodating its fair share of housing growth.

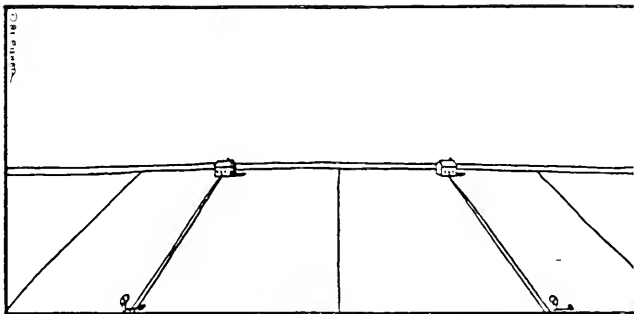


Nevertheless, in reviewing local housing policies and practices, the community's efforts to facilitate the development of housing for low-income families will be given special consideration.

Has this new policy been tested? Will it create more "red tape"?

This Executive Order — and the policies it represents — was developed after a review of a two-year program which linked state grants for conservation lands to each applicant community's housing policies and practices. Of the 64 communities which applied for state conservation funds, six were identified as having accepted less than their fair share of growth. Five of these communities signed agreements outlining specific commitments they would undertake to ensure broadened housing opportunities — and these five communities received state funding. Only the one community which refused to make any commitments to address its housing needs was denied funding. In all other cases, the review process worked smoothly, with a minimum of "red tape."

For those communities who are already accepting their fair share of housing growth, this new policy will not mean any additional "red tape." And, for those communities who have been attempting to exclude affordable housing, this new policy will only force them to confront the problem which they have been fostering.



What are some examples of exclusionary local practices?

"Exclusionary local practices," is meant to include any local policy or regulation which, intentionally or not, has the effect of excluding the development of affordable housing. Some specific examples might be:

- ☐ a moratorium on new housing;
- ☐ large lot zoning for most of the developable land within the community;
- ☐ subdivision regulation which dictate standards far in excess of what is in existence in the rest of the community, with regard to such items as street width, granite curbing, or sidewalks;
- ☐ zoning which does not permit any multi-family housing, nor any two, three, or four-unit housing (such as the "quadraplex");
- ☐ refusals to grant permits for any specific multi-family housing proposals, where they are allowed only on special permit;
- ☐ zoning which does not permit older, larger homes to be subdivided to create "accessory apartments";

- ☐ refusal to endorse the Area-wide Housing Opportunity Plan;
- ☐ local Board of Health regulation of septic systems in excess of Title V of the State Environmental Code with no clear justification; or
- ☐ the lack of any housing in the community for low-income families.

It should be noted that any of the examples cited above might be an entirely appropriate response of the community to a legitimate problem it faces. But with no clear evidence to the contrary, and where the net effect is to exclude housing growth, such practices will be judged to be *exclusionary*.

At the same time, it should be clear that no adverse judgment will be made when a community denies approvals to a housing proposal which is demonstrably unreasonable or which does not fulfill minimum criteria established by the community. The distinction will be this: Is the community fighting against housing, or is it planning for new housing growth.

What can a community do now to insure that it will continue to be able to receive state grants in the future?

If a community believes that it is accommodating its "fair share" of housing growth and that its local policies and regulations have not tended to exclude affordable housing, then it can petition to be found *not unreasonably restrictive of housing growth*.

In looking at your community to see if it has been exclusionary, you might want to consider the following questions:

☐ Has the community adopted any of the exclusionary policies outlined above? Do these actions clearly tend to exclude affordable housing?

☐ Has there been as much housing growth in your community as there has in similar communities? Has the housing that has been built been as affordable as it might have been?

☐ Would a young couple be able to find housing in your community? Would an elderly couple be able to sell their large home and move to more suitable housing (such as an apartment or condominium) while staying in your community?

☐ What has been the typical local reaction to housing proposals? Do people in town usually react negatively to proposed housing developments, or does the community have a plan for growth?

Even if previous actions of the community have tended to be exclusionary, the community can develop a strategy or program to accommodate housing growth, and on that basis can petition to be found *not unreasonably restrictive of housing growth*. Once such a strategy has been determined to be acceptable by the Secretary



of Communities and Development, and it has been approved by the appropriate local boards and commissions responsible for its implementation, then the community will be classified as not exclusionary.

The strategy should identify specific actions which the community intends to undertake and which are designed to foster the development of affordable housing. The community can specify whatever actions it deems appropriate, so long as those actions will stimulate additional housing.

In formulating a local strategy to foster the development of affordable housing, the community should consider the following actions:

☐ *Establish a housing goal for the community:* Determine how much housing the community can reasonably accommodate each year, and set out to plan for that level of growth.

☐ *Plan for a diversity of housing types and prices:* If a community only provides for single-family homes on large lots, then housing opportunities for the elderly, young families, and moderate-income households become severely limited. Consider various densities and types of housing, and see where they might fit into the community.

☐ *Explore alternatives which allow more housing and which consume less land:* There are various newly developed approaches by which a community could increase the number of housing units without any adverse impacts on its character. For example, some communities now permit larger older homes to be subdivided to create an "accessory apartment." Another approach is the development of two, three, or four-family housing, such as the "quadraplex" design being promoted by the Greater Boston Real Estate Board. Cluster zoning, another alternative, allows a modest increase in density while preserving open space. These and other alternatives deserve consideration and, where appropriate, communities should amend their zoning accordingly.

☐ *Find ways to make housing more affordable:* Sometimes, local regulations unnecessarily add to the cost of housing. For instance, some communities have local subdivision regulations which specify site standards which are far in excess of what exists in the remainder of the community. Some examples might include excessive roadway width, granite curbing, and sidewalks on both sides. This is unnecessary and it adds substantially to the cost of new housing.

☐ *Simplify the local review process:* All too often, the process for obtaining all the necessary local permits to build housing can be time-consuming, confusing, and frustrating. This need not be so. Frequently, the problem lies in the lack of coordination among local boards and commissions. A developer might get one answer from one board and a different answer from another board. It might also be unclear in which order

local permits should be obtained. One of the first steps for a community is to develop a "roadmap" of the local review process. The various boards and commissions involved should work together to resolve mutual problems and conflicts. One agency might be given a coordinating role. Duplicative, conflicting, or unnecessary steps in the review process can be identified, and the entire process can be made to work better both for the community and for prospective developers.

□ *Develop a program to provide housing for low-income families:* Even with improved, simplified, and more flexible regulations, housing for low-income families cannot be built without some form of state or federal subsidy. Currently, there are available state and federal programs which provide

funding to develop or acquire housing for low-income families. Each community should formulate a program to accommodate its fair share of low-income family housing.

For any of these issues, there is no one standard solution. Each community will have to develop its own strategy, to meet its specific housing needs, in keeping with its particular conditions and circumstances. All of the various local agencies, boards, and commissions which are involved in housing development should play an active role in formulating the appropriate local strategy.

In order to obtain more information on this Executive Order, who should be contacted?

The Executive Office of Communities and and Development will

be responsible for coordinating the implementation of this Executive Order. They will be working with each state agency responsible for disbursing development-related financial assistance, to insure that local housing policies and practices are considered in the grant award decisions of state agencies. Specifically, Communities and Development will be determining which communities are or are not exclusionary, and forwarding those findings to the appropriate state agencies.

*For further information, contact:*  
*Joseph L. Flatley,*  
*Assistant Secretary*  
*Executive Office of*  
*Communities and Development*  
*100 Cambridge Street*  
*Boston, Massachusetts 02202*







TEXT AMENDMENT NO. 80  
THE COMMONWEALTH OF MASSACHUSETTS  
CITY OF BOSTON  
IN ZONING COMMISSION

EFFECTIVE  
February 27, 1986

The Zoning Commission of the City of Boston, acting under Chapter 665 of the Acts of 1956 as amended, after due report, notice and hearing does hereby amend the Boston Zoning Code as follows:

A. By inserting, after Article 26 of said Code, the following article:

ARTICLE 26A

DEVELOPMENT IMPACT PROJECTS - HOUSING

SECTION 26A-1. Statement of Purpose. The purpose of this article is to promote the public health, safety, convenience and welfare; to prevent overcrowding and deterioration of existing housing; to preserve and increase the City's housing stock; to establish a balance between new, large-scale real estate development and the housing needs of the City; and to mitigate the impacts of large-scale development on the available supply of low and moderate income housing, by provisions designed to:

1. Afford review and regulation of large-scale real estate development projects which directly or indirectly displace low or moderate income residents from housing units or contribute to an increase in the costs of housing.
2. Increase the availability of low and moderate income housing by requiring developers, as a condition of the grant of deviations from the Zoning Code or the grant of an amendment to the zoning map or text, to create low and moderate income housing or to make a housing contribution grant to the Neighborhood Housing Trust ("Trust").

SECTION 26A-2. Definitions.

1. "Development Impact Project", any development in the City in which it is proposed to erect a structure or structures having a total gross floor area (exclusive of all accessory parking garage space) in excess of one hundred thousand (100,000) square feet or to enlarge or extend a structure or structures so as to increase its (or their) gross floor area

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†Date of public notice: February 13, 1986 (see St. 1956, c. 665, s. 5).

(exclusive of all accessory parking garage space) by more than one hundred thousand (100,000) square feet or to substantially rehabilitate a structure or structures having, or to have, after rehabilitation, a gross floor area (exclusive of all accessory parking garage space) of more than one hundred thousand (100,000) square feet; which structure or structures is (are) intended for a use for which the use item number is listed in Table D, Section 26A-3(2)(a), or, for a use for which the use item number is not listed if such Project will directly result in a reduction in the supply of low and moderate income dwelling units as determined by the Boston Redevelopment Authority ("Authority") and which Project requires a variance, conditional use permit, exception, or zoning map or text amendment.

2. "Development Impact Project Plan", a plan for a project which is a Development Impact Project. The Plan shall set forth the proposed location and appearance of structures, open spaces and landscaping, proposed uses of the structure or structures, densities, projected number of employees, proposed traffic circulation, parking and loading facilities, access to public transportation, and proposed dimensions of structures, and may include proposed building elevations, schematic layout drawings and exterior building materials, the neighborhood where the Project is located and the adjacent neighborhoods, and such other matters as the Director of the Authority deems appropriate to his consideration of the proposed construction.
3. "Development Impact Project Contribution", the creation, by the Project applicant, of low and moderate income housing units by means of the Housing Creation Option, or the grant and payment of a sum of money by the Project applicant by means of the Housing Contribution Option calculated according to the formula as set forth in Section 26A-3(2), to and for the exclusive benefit of the Neighborhood Housing Trust.
  - (a) The Housing Creation Option shall be met by creating or causing to be created housing units, for occupancy exclusively by low and moderate income residents of the City, at a cost at least equivalent to the amount of the Housing Contribution Grant, and in conformity with written regulations to be adopted by the Authority after public notice and hearing. The actual Housing Creation Contribution must be approved by the Authority only after public notice and hearing.
  - (b) The Housing Contribution Grant shall be made to the Neighborhood Housing Trust in seven (7) equal, annual installments, the first installment due upon the issuance of a building permit. The remaining six (6) payments of the Grant shall be due and payable annually on the anniversary of the first payment. All payments constituting the Housing Contribution Grant shall be made to the Collector-Treasurer of the City as custodian pending acceptance of such payments for the Trust by the City. Any payments made by the Project applicant to the Neighborhood Housing Trust, on account of the Housing Contribution Option, shall be credited against any amounts due to said Trust on account of any neighborhood impact excise which may be assessed by the City.

- (c) Ten percent (10%) of any Housing Contribution Grant made for projects located in the area lying within the boundaries set forth in Section 26A-4 and twenty percent (20%) of any Housing Contribution Grant made for projects located in areas lying outside of these boundaries shall be reserved for the neighborhood or neighborhoods where or adjacent to where the Project is located ("impacted neighborhood") as defined in the approved Development Impact Project Plan, provided that the Neighborhood Housing Trust finds that in the targeted area proposals for feasible housing projects can be developed.
4. "Substantially rehabilitate", to cause alterations or repairs to be made, to a structure or structures, costing in excess of fifty percent (50%) of the physical value of the structure or structures. Physical value of a structure or structures shall be based on the assessed value as recorded on the assessment rolls of the City as of the January 1 preceding the date of the application for Development Impact Project Plan approval.
  5. "Neighborhood Housing Trust", a Massachusetts public charitable trust created under the laws of the Commonwealth on November 19, 1985 and administered by the Collector-Treasurer of the City as managing trustee or another trust, if passed by the Council and approved by the Mayor.
  6. "Public agency", a department, agency, board, commission, authority, or other instrumentality of the Commonwealth, or of one or more political subdivision(s) of the Commonwealth or of the United States.
  7. "Low and moderate income residents", households located in the city whose total annual income is not more than eighty percent (80%) of the median income for the Boston area as set forth in regulations promulgated from time to time by the United States Department of Housing and Urban Development pursuant to the Housing and Community Development Act of 1974, as amended.

**SECTION 26A-3. Development Impact Project Requirements.** No variance, conditional use permit, exception or zoning map or text amendment for a Development Impact Project shall be granted or adopted unless the following requirements are met:

1. The Authority, after a public meeting, shall have approved a Development Impact Project Plan. No Plan shall be approved by the Authority unless the Authority finds that the Plan conforms to the general plan for the City as a whole and that nothing in such Plan will be injurious to the neighborhood or otherwise detrimental to the public welfare; and
2. The person or persons making application for a variance, conditional use permit, exception or zoning map or text amendment to erect, substantially rehabilitate, enlarge, or extend a structure pursuant to a Development Impact Project Plan shall also have entered into an agreement with the Authority to make a Development Impact Project Contribution.

- (a) For each use listed below, in Table D, a Housing Contribution Grant of five dollars (\$5.00) for each square foot of gross floor area in excess of one hundred thousand (100,000) square feet, shall be required. Uses, other than accessory parking, that are ancillary or accessory to the uses listed in Table D shall also be subject to the Housing Contribution Grant requirement.

TABLE D: Development Impact Uses

<u>Use</u>	<u>Use Item Numbers</u>
Office	39, 39A, 40, 41, 42
Retail Business and Service	30, 31, 32, 34, 34A, 35, 36, 36A, 37, 37A, 38, 38A, 43, 44, 45, 46, 47, 48, 49, 60, 60A, 61
Institutional and Educational	16, 16A, 18, 19, 20, 20A, 21, 22, 22A, 23, 24, 29
Hotel and Motel, but not including Apartment Hotel	15

- (b) For mixed-use structures in which one or more of the above uses are combined, the above requirements shall apply if the gross floor area devoted to any one or more of the uses shall in the aggregate exceed one hundred thousand (100,000) square feet.
- (c) The formula (amount and rate of payment) for the Housing Contribution Grant for the use categories listed in Table D shall be subject to recalculation three (3) years after the effective date of this provision and every three (3) years thereafter. The Authority, after public notice and public hearing, when appropriate shall make a recommendation to the Zoning Commission to amend the formula for the Housing Contribution Grant, based on a consideration of the following criteria:
- (i) Economic trends measured in terms including but not limited to development activity, commercial rents per square foot, employment growth, and inflation rates.
  - (ii) Housing trends measured in terms of, including but not limited to, vacancy rates for low and moderate income housing, and production statistics for new dwelling units.
- (d) The Commissioner of Inspectional Services shall not issue any building or use permit with respect to any building, structure, or land within an area covered by a Development Impact Project Plan, unless the Director of the Authority has certified on the application

therefor, and on each plan, drawing or specification filed with the Commissioner in connection therewith, that the plans have been subject to design review, and that the plans are consistent with the Authority-approved Development Impact Project Plan and that the applicant has entered into an agreement with the Authority, as provided in Sections 26A-2(3) and 26A-3(2).

3. The following are not Development Impact Projects and will not be subject to the Development Impact Project requirements:
  - (a) Any structure for which a building or use permit is lawfully issued before notice of hearing before the Zoning Commission has first been given respecting adoption of Article 26A, provided that construction work under such a permit is commenced within six months after its issue, and the work proceeds in good faith continuously to completion so far as is reasonably practicable under the circumstances;
  - (b) Any structure for which construction or permanent financing has been secured before notice of hearing before the Zoning Commission has first been given respecting Article 26A, as evidenced by an irrevocable written commitment of a lending institution or a recorded mortgage indenture, and by the borrower's bona fide payment of a loan commitment fee; or
  - (c) Any building or structure which is, or will be, wholly-owned by one or more public agencies.
4. Article 26A supplements and does not repeal Article 26, which shall continue to apply to Development Impact Project Plans that were approved pursuant to Article 26. Development Impact Project Plans approved pursuant to Article 26 prior to the effective date of Article 26A shall not be subject to the requirements of Article 26A.

SECTION 26A-4. Applicability. The rate of payment set forth in Section 26A-2(3)(b) shall only apply to Development Impact Projects located in an area lying within the boundaries set forth below:

Beginning at the intersection of the southern bank of the Charles River and the centerline of Massachusetts Avenue and running southerly and southeasterly along the centerline of Massachusetts Avenue to the intersection with the centerline of Tremont Street;

Thence running northeasterly along the centerline of Tremont Street to the centerline of East Berkeley Street;

Thence running easterly along the centerline of East Berkeley Street and the West Fourth Street Bridge to the intersection with the centerline of Dorchester Avenue;

Thence running northerly along the centerline of old Dorchester Avenue to the intersection with the edge of land on the northwesterly side of Fort Point Channel;

Thence running northeasterly along the water's edge or the U.S. Pier Line, whichever shall be more inclusive, to the Metropolitan District Commission Dam at the mouth of the Charles River;

Thence running across the southerly side of the Metropolitan District Commission Dam and along the southerly bank of the Charles River to the beginning point at the intersection thereof with the centerline of Massachusetts Avenue.

The rate of payment set forth in Section 26-2(3)(a) shall apply to Development Impact Projects located in all other areas of the City. Section 26-2(3)(a) provides in relevant part that:

The Housing Contribution Grant shall be made to the Neighborhood Housing Trust in twelve (12) equal, annual installments, the first installment due upon the issuance of a certificate of occupancy for the Project building or twenty-four (24) months after the granting of the building permit, whichever comes first. The remaining eleven (11) payments shall be due and payable annually on the anniversary of the first payment.

Where the boundary described above divides a Development Impact Project, the rate of payment set forth in Section 26A-2(3)(b) shall apply. Use item numbers 11, 12, 13, 13A, 14 and 17 shall be exempt from the provisions of Articles 26 and 26A.

SECTION 26A-5. Severability. The provisions of this Article are severable and if any such provision or provisions shall be ruled invalid by any decision of court of competent jurisdiction, such decision shall not impair or otherwise affect any other provision of this Article.

- B. By adding, in Section 6-3(f), after "Section 26-2," the phrase "26A-2 or 26B-2," and after "Section 26-3" deleting the period and adding the phrase "or 26A-3 and in Section 26B-3."
- C. By adding, in Section 6A-3(c), after "Section 26-2," the phrase "26A-2 or 26B-2," and after "Section 26-3" deleting the period and adding the phrase "or 26A-3 and in Section 26B-3."
- D. By adding, in Section 7-3(d), after "Section 26-2," the phrase "26A-2 or 26B-2," and after "Section 26-3," deleting the comma and adding the phrase "or 26A-3 and in Section 26B-3,".

Richard Stanton

Chairman

Vice Chairman

Philip J. [unclear]

Philip M. Watson

Ann M. Perry

James H. [unclear]

Robert [unclear]

Joseph W. George

In Zoning Commission

Adopted: February 26, 1986

Attest:

Maurice H. [unclear]  
Secretary

Raymond J. [unclear]  
Mayor, City of Boston

Date: February 27, 1986

The foregoing amendment was presented to the Mayor on February 27, 1986, and was signed by him on February 27, 1986, whereupon it became effective on February 27, 1986, in accordance with the provisions of Section 3 of Chapter 665 of the Acts of 1956.

Attest:

Maurice H. [unclear]  
Secretary





TAKEN UNDER ADVISEMENT MARCH 6, 1986

RESUBMITTED APRIL 17, 1986

TO: BOSTON REDEVELOPMENT AUTHORITY AND  
STEPHEN COYLE, DIRECTOR

FROM: WILLIAM L. WHITMAN, ASSISTANT TO THE DIRECTOR

SUBJECT: HOUSING CREATION REGULATIONS

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On October 1, 1985 the Authority held a public hearing on a draft of the Housing Creation Regulations proposed for adoption by the Authority pursuant to Section 26-2.3(b) of Article 26 and Section 26A-2.3(a) of Article 26A of the Boston Zoning Code. The Authority distributed the draft Regulations widely prior to the public hearing and continued to receive comments on the Regulations for thirty (30) days following the hearing.

Attached is a report on the comments received, including a transcript of the hearing, copies of all written comments, and revised Regulations proposed for adoption today. Comments were reviewed by staff and incorporated into the revised Regulations where applicable and consistent with the original design of the Regulations.

The majority of people who commented on the draft Regulations spoke strongly of the need for effective and immediate action on the part of the City in addressing Boston's shortage of affordable housing. Many comments were useful in correcting technical problems or addressing oversights. The most significant revisions to the draft Regulations in terms of administrative structure, however, came as a result of comments by and discussions with the Mayor's office and several City Councillors who recommended the substitution of the Neighborhood Housing Trust for the Housing Policy Group. Other significant changes include those to definition. Together these changes will permit smoother coordination among city and state agencies which administer housing programs.

I recommend, therefore, that the attached Housing Creation Regulations be adopted in order to expedite and facilitate the construction of affordable housing in the City of Boston.

An appropriate vote follows:

VOTED: To adopt and promulgate, pursuant to Section 26-2.3(b) of Article 26 and Section 26A-2.3(a) of the Boston Zoning Code, Housing Creation Regulations in the form attached hereto.

BOSTON REDEVELOPMENT AUTHORITY  
HOUSING CREATION REGULATIONS  
PROMULGATED PURSUANT TO ARTICLES 26 & 26A  
OF THE BOSTON ZONING CODE  
APRIL 17, 1986

Section 1: Scope and Purpose

Articles 26 and 26A of the Boston Zoning Code require Developers of certain projects, known as Development Impact Projects, to contribute Development Impact Project Exactions to help alleviate the shortage of affordable housing in the City of Boston. Developers may elect from two options in order to satisfy their obligations under Articles 26 or 26A: 1) Housing Exaction Payments may be made in equal annual installments (the "Housing Payment Option"), or 2) Developers may create or contribute to the creation of housing affordable to low and moderate income households pursuant to these regulations (the "Housing Creation Option").

Articles 26 and 26A require the Boston Redevelopment Authority to promulgate regulations governing the administration of the Housing Creation Option. These regulations set forth procedures and requirements for Developers who have elected the Housing Creation Option and are intended to encourage Developers to select the Housing Creation Option.

Section 2: Definitions

The following terms, wherever used in these regulations, shall have the following meanings, unless the context clearly requires otherwise:

- (a) "Affordable Housing" shall mean housing, the costs for which shall not exceed a certain percentage of the income of Low or Moderate Income Households, such costs and such percentage to be that set from time to time by the Massachusetts Housing Finance Agency or its successor agency for similiar programs administered by it and shall include specifically and without limitation rooming houses, congregate housing, transitional housing, halfway housing, emergency shelters, cooperatives, condominiums, and single or multi-family dwellings, as determined appropriate, desirable, and feasible by the Neighborhood Housing Trust.

- (b) "Authority" shall mean the Boston Redevelopment Authority, a public body politic and corporate duly organized and existing under Massachusetts General Laws Chapter 121B.
- (c) "CDC" (Community Development Corporation), shall mean a corporation duly organized and existing pursuant to Massachusetts General Laws, Chapter 40F.
- (d) "Certificate of Compliance" shall mean a certificate approved by the Authority which certifies that a Developer has complied with the requirements of a Housing Creation Agreement to which the Developer is a party.
- (e) "Developer" shall mean an individual, corporation, business trust, estate trust, partnership or association, two or more Developers having a joint or common interest, or any other legal or commercial entity subject to Articles 26 or 26A of the Boston Zoning Code.
- (f) "Director" shall mean the Director of the Boston Redevelopment Authority.
- (g) "Housing Creation Option" shall mean the means as set forth in these regulations by which a Developer shall satisfy its obligations under Articles 26 or 26A of the Boston Zoning Code if electing the Housing Creation Exaction Option thereunder.
- (h) "Housing Payment Option" shall mean the means by which a Developer shall pay the amount calculated pursuant to Articles 26 or 26A of the Boston Zoning Code which the Developer is required to pay if electing the Housing Payment Exaction option thereunder.
- (i) "Low Income Household" shall mean a household where the total income of the members thereof at initial occupancy does not exceed fifty percent of the median income for the Boston Standard Metropolitan Statistical Area as set forth in or calculated based upon regulations promulgated from time to time by the United States Department of Housing and Urban Development pursuant to Section 8 of the Housing Act of 1937, as amended by the Housing and Community Development Act of 1974.

- (j) "MBE" (Minority Business Enterprise) shall mean a business organization which has been certified as a Minority Business Enterprise by the Mayor's Office of Jobs and Community Service.
- (k) "Moderate Income Household" shall mean a household where the total income of the members thereof at initial occupancy does not exceed eighty percent (80%) of the median income for the Boston Standard Metropolitan Statistical Area as set forth in or calculated based upon regulations promulgated from time to time by the United States Department of Housing and Urban Development pursuant to Section 8 of the Housing Act of 1937, as amended by the Housing and Community Development Act of 1974.
- (l) "Neighborhood Housing Trust" shall mean the Massachusetts charitable trust to be created pursuant to the Special Statutes and Ordinances of the City of Boston. The Trust will administer funds received by means of the Housing Payment Exaction requirement for Development Impact Projects.
- (m) "Net Present Value" shall mean the value of an amount of money equal to the sum of discounted payments which would have been made by the Developer had it elected to satisfy its obligations under Articles 26 or 26A of the Boston Zoning Code through the Housing Payment Option, such discounting to be measured from the date at which the Developer enters into a Housing Creation Agreement with the Authority to the dates at which each Housing Payment installment payment would have been made.
- (n) "Seed Money" shall mean money placed in a revolving fund to be administered by the Neighborhood Housing Trust for low-interest loans to MBE's, CDC's, or other for-profit or non-profit organizations for the purpose of encouraging the housing creation activities contemplated by these regulations.

### Section 3: Housing Creation Options

A Developer who elects to satisfy its obligation under Articles 26 or 26A of the Boston Zoning Code through the Housing Creation Option may propose, in accordance with the requirements of these Regulations, that it fulfill all or any part of its obligation by methods such as but not limited to the following:

- /// -  
- / -

- (a) Directly creating, through new construction, acquisition/rehabilitation or purchase, Affordable Housing:

Example: A Developer having a linkage obligation of \$500,000 (Net Present Value), acquires and constructs 15 townhouse family housing units at a total cost of \$1,200,000. The units are then sold subject to resale restrictions to low and moderate income home buyers at prices totaling \$700,000. The Developer has underwritten the housing so produced to the extent of the linkage obligation.

or

- (b) Forming a joint venture, general or limited partnership or similar corporate relationship with an MBE, CDC, or for-profit or non-profit organization for the creation of Affordable Housing. The Developer shall ensure that any joint venturer, co-developer or partner of the Developer's shall become a party to the Housing Creation Agreement required pursuant to Section 9 hereof and be bound thereby;

Example: The Developer invests its \$500,000 linkage obligation (Net Present Value) as a partner in an entity formed to build and operate a rental housing development of which a qualifying MBE, CDC or for-profit or non-profit organization is the controlling general partner. This equity permits the general partner to obtain project financing. Assigned to the Neighborhood Housing Trust are all cash dividends and all proceeds due from sale, resyndication or refinancing of the project up to the amount of the Net Present Value of the Developer's linkage obligation, plus interest.

or

- (c) Contributing the Net Present Value of the payments which would have been made under the Housing Payment Option to an entity designated by the Developer and approved by the Authority, which entity shall be responsible for the construction

and operation of Affordable Housing. The Developer shall ensure that any entity so designated and approved shall become a party to the Housing Creation Agreement required pursuant to Section 9 hereof and be bound thereby.

Example: The Developer loans \$500,000 on favorable terms to an MBE, CDC or for-profit or non-profit housing producer as primary or subordinated permanent project financing, for the housing producer to use for the purchase of a subsidy annuity, or for such other purpose as may be necessary to the production of Affordable Housing. As the interest rate is well below market rates, affordable rental or equity housing is produced. The Developer assigns its interest in the Loan to the Neighborhood Housing Trust, thus discharging its linkage obligation.

or

- (d) Selecting any of the options above or any combination of the options above in full or partial satisfaction of its obligations under Articles 26 or 26A.

Example: The Developer, wishing to satisfy half of its linkage obligation currently and electing to pay the remainder over 12 years, invests \$250,000 as a limited partner in a new housing development sponsored by an MBE, CDC or for-profit or non-profit organization. The remaining linkage obligation is satisfied pro rata according to the requirements of the Housing Payment Option.

#### Section 4: Housing Creation Proposal Review Criteria

All proposals shall be evaluated according to criteria which shall include but not be limited to the following:

- (a) provide equity (ownership) opportunities for Low and Moderate Income Households;
- (b) maximize the number of units of housing available to Low and Moderate Income Households;

- (c) maximize the term of occupancy for Low and Moderate Income Households; and
- (d) cause the improvement of blighted areas in the City.

#### Section 5: Satisfaction of Linkage Obligation; Equivalent Value

The Developer's obligations under Articles 26 or 26A shall be satisfied under Section 3 if and only if the amount of the Developer's contribution under any of the options set forth in Section 3 is equal to the Net Present Value of the payments that would have been made by the Developer had it elected the Housing Payment Option. Net Present Value shall be determined by applying a composite discount rate to the payments that the Developer would have made under the Housing Payment Option. The discount rate shall be calculated by adding fifty percent of the Developer's verified cost of funds for the construction of its Development Impact Project to fifty percent of the current most recent City of Boston long-term (ten year) municipal bond yield.

#### Section 6: Housing Creation Proposal

A Developer electing the Housing Creation Option shall submit a proposal setting forth the Developer's plan for creating Affordable Housing which would not have been built but for the Developer's contribution. The proposal shall comply with the submission requirements set forth in the Development Review Procedures as published by the Authority from time to time and shall contain such other information as the Director and the Neighborhood Housing Trust may require.

#### Section 7: Review by Neighborhood Housing Trust

The Director shall submit the proposal to the Neighborhood Housing Trust immediately upon receipt thereof. The Neighborhood Housing Trust shall review the overall appropriateness of the proposal and shall recommend to the Authority approval, with or without conditions, or denial of each proposal within forty-five (45) calendar days of receipt thereof.

#### Section 8: Proposal Approval

Upon completion of review of the proposal by the Neighborhood Housing Trust and the Authority or upon the expiration of the above-mentioned forty-five day review period, the Authority after public notice and hearing shall take final

action on the Developer's housing creation proposal and shall promptly notify the Developer of its action in writing.

#### Section 9: Housing Creation Agreement

Upon approval of the proposal by the Authority, the Director and the Developer shall enter into an agreement ("Housing Creation Agreement") which shall be in a format prescribed by the Authority and contain such provisions as the Director and the Neighborhood Housing Trust determine necessary to ensure the completion of the project in accordance with the Developer's proposal as approved by the Authority.

#### Section 10: Certificate of Compliance

Upon satisfactory performance of its obligations under the terms of the Housing Creation Agreement and if so requested by the Developer, the Authority shall issue to the Developer a Certificate of Compliance.

#### Section 11: Seed Money Loans

If a Developer selects the option set forth in Section 3(c), up to five percent (5%) of the Developer's contribution shall be set aside and placed in a seed money revolving fund to be administered by the Neighborhood Housing Trust. Such funds may be loaned to MBE's, CDC's or other for-profit or non-profit organizations for the purpose of encouraging the housing creation activities contemplated by these regulations. The interest rates on such loans shall be equal to fifty percent (50%) of the City of Boston current long-term (ten year) municipal bond yield.

#### Section 12: Section Headings

The captions to the sections used throughout these Regulations are intended solely to facilitate the reading of and reference to the sections and provisions of these Regulations. The captions shall not affect the meaning or interpretation of these Regulations.



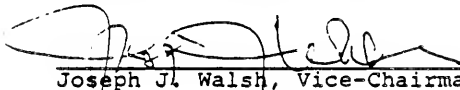
Section 13: Severability

If any provision or section of these Regulations shall be held to be invalid by a court of competent jurisdiction, such provision or section shall be deemed to be separate and apart from the remaining provisions or sections of these Regulations and such remaining provisions or sections shall continue in full force and effect.

Approved and voted this 17th day of April, 1986.



Robert L. Farrell, Chairman



Joseph J. Walsh, Vice-Chairman



James K. Flaherty, Treasurer



Clarence J. Jones, Assistant Treasurer



Michael F. Donlan, Member



Kane Simonian, Secretary





# CITY OF BOSTON

IN THE YEAR NINETEEN HUNDRED AND EIGHTY SIX

## AN ORDINANCE

ESTABLISHING THE NEIGHBORHOOD HOUSING TRUST

Be it ordained by the City Council of Boston, in accordance with the provisions of Massachusetts General Laws Chapter 43B, Section 13, and any other applicable law, as follows:

1. SECTION ONE City of Boston Code, Ordinances, Title 10, is
2. hereby amended by inserting the following new sections at the
3. end thereof:

4.

5. AN ORDINANCE ESTABLISHING A NEIGHBORHOOD HOUSING TRUST

6.

7. WHEREAS: Decadent or substandard areas exist in the City of
8. Boston constituting a serious and growing menace,
9. injurious and inimical to the safety, health, morals
10. and welfare of the residents of the City of Boston
11. and the sound growth of the City of Boston; and
- 12.
13. WHEREAS: The existence of each of such areas contributes
14. substantially to crime necessitating excessive and
15. disproportionate expenditure of public funds for the
16. preservation of the public health and safety, for
17. crime prevention, correction, prosecution,
18. punishment, and the treatment of juvenile delinquency
19. and for the maintenance of adequate police, fire and
20. accident protection and other public services and facilities, which constitutes an economic and social

## AN ORDINANCE

1. liability, substantially impairs or arrests the sound growth  
2. the City of Boston, and retards the provision of residential  
3. buildings; and

4.

5. WHEREAS: The existence of each of such area decreases the  
6. value of private investments and threatens the  
7. sources of public revenue and the financial stability  
8. of the City of Boston; and

9.

10. WHEREAS: Because of the economic and social interdependence  
11. different areas within the City of Boston, the  
12. redevelopment of buildings and land not only in  
13. substandard areas but also in decadent areas to  
14. promote the sound growth of the City of Boston is  
15. necessary in order to achieve permanent and  
16. comprehensive elimination of existing slums and  
17. substandard and decadent conditions and to prevent  
18. the recurrence of such substandard or decadent  
19. conditions or their development in other parts of  
20. City of Boston; and

## AN ORDINANCE

1. WHEREAS: The menace of decadent or substandard areas is beyond  
2. remedy and control solely by regulatory process in  
3. the exercise of the police power and have not been  
4. dealt with effectively by the ordinary operations of  
5. private enterprise in a regulated market; and  
6.  
7. WHEREAS: Limited public resources require that government  
8. dollars for housing programs be highly leveraged by  
9. private investment; and  
10.  
11. WHEREAS: The abandonment of residential buildings in such  
12. areas exacerbates decadent or substandard conditions  
13. and  
14.  
15. WHEREAS: The development of property for the purpose of  
16. eliminating decadent or substandard conditions in the  
17. City of Boston is a public use and purpose for which  
18. public money may be expended; and  
19.  
20. WHEREAS: A public exigency exists which makes the use,  
acquisition, rehabilitation or rebuilding of such

## AN ORDINANCE

1.       decadent or substandard areas for residential buildings a  
2.       public use and benefit and a necessity in the public interest  
3.       and

4.  
5.       WHEREAS: In many areas throughout the City of Boston there  
6.               a shortage of decent, safe and sanitary buildings  
7.               residential purposes, and this condition is most  
8.               extreme in areas where decadent or substandard areas  
9.               exist; and

10.  
11.       WHEREAS: The critical shortage of housing, private ownership  
12.               or rental, most greatly impacts those citizens with  
13.               the least ability to acquire the necessary capital to  
14.               rectify this shortage; and

15.  
16.       WHEREAS: The aforesaid conditions have not been corrected  
17.               the ordinary operations of private enterprise in a  
18.               regulated market; it is hereby


19.  
20.       ORDAINED BY THE City Council of Boston, in accordance with the  
      provisions of Massachusetts General Laws Chapter 43B, Section

## AN ORDINANCE

1. 13, and any other applicable law, as follows:
2. The Collector-Treasurer shall establish the "Neighborhood
3. Housing Trust, " which trust shall be established in the form
4. and manner of the attached Declaration of Trust; and that,
5. subject to approval by the City Council and the Mayor, the
6. Neighborhood Housing Trust be and hereby is authorized to
7. accept and expend any and all funds contributed to it
8. consistent with the purposes of the Declaration of Trust
9. attached hereto and filed herewith.
- 10.

In City Council May 21, 1986. Passed.  
Approved by the Mayor June 2, 1986.

Attest:

  
City Clerk





DECLARATION OF TRUST

THE NEIGHBORHOOD HOUSING TRUST

The Collector-Treasurer of the City of Boston hereby declares that he has received on behalf of The Neighborhood Housing Trust ("Trust"), One Dollar (\$1.00) from a donor, whose name, together with the names of all other donors to this Trust and the amounts contributed by each, shall be kept by him as Trustee as part of the Trust's permanent records, and that he shall hold said contribution and all other amounts paid to him hereunder, for the uses and purposes, and subject to the duties and powers herein set forth.

ARTICLE I  
NAME AND PURPOSE

Section 1.1 Name

This Trust shall be known as The Neighborhood Housing Trust. Its address shall be: Office of the Collector-Treasurer, One City Hall Plaza, City Hall, Boston, MA 02201.

Section 1.2 Purpose

This Trust is established to promote the public health, safety, convenience and welfare by mitigating the extent to which Boston's low or moderate income households are unable to afford decent, safe and sanitary housing within the City of Boston. Towards that end the trust shall help to create and retain the supply of housing for low or moderate income residents of the City of Boston, and shall, without limitation, acquire as appropriate real property to construct such housing thereon; provided, however, that this language shall not be construed to prevent benefit to residents of the City of Boston who are of moderate to middle income, only if and only to the extent that the Trustees deem such benefit to be incidental and necessary to the accomplishment of the primary purpose.

Any housing to be created or retained may be a part of any housing development or rehabilitation that promotes the safety, health, morals or welfare of the residents of the City of Boston or the sound growth of the City of Boston, including mixed income housing developments; provided, however, that Trust Funds used in such developments shall be utilized for the primary purpose of benefitting eligible residents of units restricted for occupancy by low or moderate income units residents of the City of Boston.

All Trust property, including principal and income, shall be used only for housing development or rehabilitation for low or moderate income residents and as restricted herein within the City of Boston, and no part of the Trust property shall inure to the benefit of any private individual except as herein provided.

This Trust shall not operate for the purpose of carrying on a trade or business for profit. This Trust shall not take part in any political campaign on behalf of any candidate for public office, and no portion of the Trust funds shall be expended on any attempt to influence legislation.

As used in this instrument "low or moderate income residents of the City of Boston" shall mean households located in the City of Boston whose total annual income is not more than eighty percent (80%) of the median income for the Boston area as set forth in regulations promulgated from time to time by the United States Department of Housing and Urban Development ("HUD") pursuant to the Housing and Community Development Act of 1974, as amended. "Moderate to middle income residents" shall mean households located in the City of Boston whose total annual income is greater than eighty percent (80%) but does not exceed one hundred twenty percent (120%) of the median income for the Boston area as set forth in regulations promulgated from time to time by HUD pursuant to the Housing and Community Development Act of 1974, as amended. In the event that HUD ceases to promulgate such regulations, the Trustees (as hereinafter defined) shall adopt and promulgate a comparable and substitute definition of "low or moderate income residents of the City of Boston", and "moderate to middle income residents of the City of Boston".

This trust shall satisfy the definition of "Neighborhood Housing Trust" as that term is defined in Article 26A of the Boston Zoning Code and, subject to approval by the City Counsel and the Mayor, this trust shall be authorized to receive and accept Development Impact Contributions made pursuant to Article 26A.

ARTICLE II  
DISTRIBUTION AND USE OF PRINCIPAL AND INCOME

Section 2.1 Method

All distributions of both principal and income shall be made upon a majority vote of the Trustees; except that in order to benefit low or moderate income residents, the incidental and necessary use of funds benefitting moderate to middle income residents of the City of Boston as authorized by Section 1.2 shall be made only upon a two thirds vote of all Trustees; provided that under no circumstances shall more than thirty percent (30%) of the annual distribution of Trust funds be allocated for the benefit of such moderate to middle income residents.

Section 2.2 Distributable Amount

During each year, the Trustees may disburse as gifts, grants or secured loans an amount equal to the net annual income of the Trust plus so much of the principal as the Trustees in their discretion may deem to be in the best interest of the Trust.

### Section 2.3 Purposes of Distributions

All distributions or disbursements of this trust shall be made only for the purposes set forth in Article I of this Declaration of Trust.

### Section 2.4 Methods of Disbursements

Funds may be disbursed to individuals and private or public, profit or not-for-profit development entities, in the form of gifts, grants, secured loans or in such other manner as the Trustees may deem necessary and appropriate to accomplish the purposes of this Trust. Prior to accepting any request for funds, the Trustees shall establish written rules and regulations for evaluating application to the Trust for funds, and for insuring that the funds shall be used exclusively for the purposes of this Trust and for no other purpose. A copy of such rules and regulations shall be filed with the City Clerk of the City of Boston.

Section 2.5 Limitation

The Trustees shall not engage in any activity and shall not disburse any funds, except in a manner consistent with the requirements of the Internal Revenue Code of 1954, as amended (the "Code"), or any similar provisions of subsequent revenue acts as they may pertain to entities organized and operating exclusively for charitable purposes, and in a manner consistent with chapter 68 of the Massachusetts General Laws.



ARTICLE III  
BOARD OF TRUSTEES

Section 3.1 Composition

The Board of Trustees (the "Board") shall consist of seven (7) members (the "Trustees") who shall serve in a fiduciary capacity without compensation; provided, however, that each Trustee may be reimbursed by the Trust for all expenses reasonably incurred by them in the performance of their duties. The Board shall consist of the following persons, each of whom shall be and remain a resident of the City of Boston, while in office, and may remain in office until the appointment and qualification of their successor:

- (a) The President of the Boston City Council ex officio or his or her designee who shall also be a member of the Boston City Council; and
- (b) The Collector-Treasurer of the City of Boston ex officio; and

- (c) Five (5) individuals, designated by the Mayor of the City of Boston, who shall, to the extent possible, be reflective of the demographic composition of the City and who shall have expertise and/or experience in law, real estate, housing, finance, or neighborhood development, and who shall be familiar with the housing needs of low or moderate income residents of the City of Boston.

### Section 3.2 Term

The term of the office of each Trustee not serving as ex officio shall be two (2) years and shall expire on the second Friday in January in each even numbered year; provided, however, that the term in office of the initially appointed Trustees shall expire on January 10, 1988. Should any non ex officio Trustee fail to attend two (2) consecutive quarterly meetings, he or she shall be deemed to have voluntarily vacated his or her office as Trustee. In the event that any non ex officio Trustee shall vacate his or her office, withdraw, resign, die, be removed, become incapacitated or cease to hold such position without his or her successor assuming

office, a substitute Trustee shall be appointed by the Mayor of the City of Boston in accordance with the applicable subsection of Section 3.1 hereof to serve for the unexpired portion of such Trustee's term.

#### Section 3.2.1 Fiduciary Responsibility

The Trustees' powers are exercisable solely in their fiduciary capacity consistent with and in furtherance of purposes specified in Section 1.2 and not otherwise.

#### Section 3.3 Managing Trustee

The Collector-Treasurer of the City of Boston ex officio, shall serve as Managing Trustee. The Managing Trustee shall be responsible for maintaining the financial and other records of the Trust and administering the Trust property for the purpose of preserving or enhancing the Trust property, with all the rights and privileges pertaining to Trust management which are granted to a trustee by the law of the Commonwealth of Massachusetts, unless otherwise restricted by the terms of this Trust.

### Section 3.3.1 Secretary and Employees

The Trustees shall appoint a secretary, who shall not be a Trustee, and such other employees as they shall deem necessary, who shall work under the supervision of the Managing Trustee; provided, however, the Trustees shall not expend in excess of one hundred thousand dollars (\$100,000) annually for salaries and administrative expenses, including the cost of an independent audit as provided for in Section 4.1 herein, adjusted with the approval of the Boston City Council and the Mayor of the City of Boston periodically to reflect inflation. The secretary shall keep a record of the proceedings of meetings of the Trustees and shall be the custodian of books, documents, and papers filed with the Trustees.

### Section 3.3.2 Trustee's Powers

In extension and not in limitation of the common law and statutory powers of trustees and other powers and limitations set forth in this Declaration of Trust, and Trustees shall have the following discretionary powers:

(a) To receive and accept property, whether real or personal, by gift, grant, devise, appropriation or transfer from any person, firm, trust, corporation or other public or private entity, including without limitation grants of funds payable in connection with any Housing Payment Exaction, Housing Contribution, or Housing Creation Contribution pursuant to the Boston Zoning Code, to be held, administered and disposed of in accordance with the provisions of this Trust; provided, however, that no gift, grant, devise or transfer of property shall be received and accepted if it is so conditioned, in the opinion of the Trustees, as to jeopardize the federal income tax exemption of this Trust under Section 501 (c) (3) of the Code, as now in force or hereafter amended.

(b) To buy, sell, exchange, transfer or convey any of the Trust property upon such terms and conditions, and such manner and form as he or she shall deem best, and to execute, acknowledge deliver and record any contract or other instrument relating to the Trust property which he or she may deem necessary or appropriate.

- (c) For accounting purposes only, to determine to what extent money and other property coming into his or her possession shall be deemed principal or income, and to apportion the same between principal and income as determined by him or her.
- (d) To determine whether expenses incidental to the administration of the Trust should be borne by the principal or income portions of Trust property, and to apportion the same between principal and income.
- (e) To amortize any premium on any bonds held as part of the Trust property or to refrain from doing so as he or she shall determine.
- (f) To retain and hold any stock, bond or other security given to the Trust for as long a period as deems advisable subject to any limitations imposed upon such gift.

(g) To join in any merger, consolidation or reorganization of any corporation or association whose securities shall be held as part of Trust property; to pay any calls and assessments imposed upon the owner of such securities as a condition of participating therein; and to consent to any contract, lease, mortgage, purchase or sale of property, by or between such corporation and any other corporation or person.

(h) To deposit any security with any protective or reorganization committee and to delegate to such committee such power and authority with relation thereto as the Managing Trustee may deem proper, and to agree to pay, and to pay, out of the property of this Trust, such portion of the expenses and compensation of such committee as he or she may deem proper.

- (i) To vote all stock and to execute and deliver proxies or powers of attorney to such person or persons as the Managing Trustee may deem proper, granting to such person or persons such power and authority with relation to any property or securities at any time held as a part of the Trust property as the Managing Trustee shall deem proper.
- (j) To exercise all powers and rights of subscription or otherwise which in any manner arise out of ownership of securities held as part of the Trust property.
- (k) To compromise, arbitrate, defend, enforce, release, settle or otherwise adjust claims in favor of or against the Trust, including claims for taxes, and to accept any property, either in total or partial satisfaction of any indebtedness or other obligation and, subject to the provisions hereof, to continue to hold the same for such period of time as the Trustees may deem appropriate.



- (l) To borrow money for such periods, at such rates of interest, and upon such terms as the trustees consider advisable, and as security for such loans to mortgage or pledge any real or personal property with or without power of sale; to acquire or hold any real or personal property, subject to any mortgage or pledge on or of property acquired or held by this trust.
- (m) To execute and deliver deeds, assignments, transfers, mortgages, pledges, leases, covenants, contracts, promissory notes, releases, and all other instruments, sealed or unsealed, necessary, proper or incident to any transaction in which they engage for the accomplishment of the purposes of this trust or of any of the powers herein granted.
- (n) To employ a bank or trust company as custodian of any funds or securities and to delegate to it such powers as they deem appropriate, to hold trust property without indication of fiduciary capacity but only in

the name of a registered nominee, provided the trust property is at all times identified as such on the books of the trust and to hold any securities in registered or in bearer form; to keep any or all of the trust property or funds in any place or places in the United States of America; to employ clerks, accountants, investment counsel, investment agents, and contract for any special trust-related services, and to pay the reasonable compensation and expenses of all such services in addition to the compensation of the trustees.

(c) To sell, lease or exchange any personal, mixed, or real property, at public auction or by private contract, for such consideration and on such terms as to credit or otherwise, and to make such contracts and enter into such undertakings relating to the trust property, as they consider advisable, whether or not such leases or contracts may extend beyond the duration of the trust.

(p) To make distributions in cash or in kind.

(q) To hold all or part of the trust fund uninvested for such purposes and for such time as the trustees may deem appropriate.

(r) To extend the time for payment of any obligation to the Trust.

#### Section 3.3.2 Instructions to Managing Trustee

Notwithstanding the foregoing, if the Board by a majority vote shall direct the Managing Trustee in the performance of any of the foregoing powers, the Managing Trustee shall follow such instruction.

#### Section 3.4 Indemnification

Neither the Managing Trustee nor any other Trustee shall be liable for, and, to the extent of its assets, this Trust shall indemnify such person against any liabilities, including actual and reasonable attorney's fees incurred in defending against such liabilities, arising out of his or her activities on behalf of and for the Trust, unless such liabilities are the result of the willful misconduct, bad faith or gross negligence of such Trustee. No Trustee shall be required to furnish any bond or surety or shall be liable for the act or omission of any other Trustee. The Trustee may obtain insurance with respect to Trust activities and pay for such insurance with Trust funds.

### Section 3.5 Meetings

The Board shall meet annually on the Monday following the second Friday in January and shall hold at least three additional quarterly meetings each year at intervals of approximately three months for the purpose of distributing Trust funds, if any, pursuant to Article II hereof among eligible applicants for such funds as the Board in its sole discretion may determine. The Board may also meet at such other times as may be designated for Special Meetings by the Managing Trustee.

Any quarterly or special meeting shall be called by written notice from the Managing Trustee received by each other Trustee at least seven days prior to the date scheduled for such meeting or without notice if such notice is waived in writing by all Trustees and such waiver filed with the records of the Board. Such notice shall set forth the date, time and place of meeting and contain an agenda of all actions to be brought before the Board.

Section 3.5.1 Votes

Each Trustee shall be entitled to one (1) vote on each matter brought before the Board. Except as otherwise herein provided, the Board shall act by majority vote of the Trustees.

Section 3.5.2 Quorum

A quorum shall be constituted at each meeting if at least four (4) of the Trustees are present in person.

Section 3.5.3 Actions Taken By Written Consent

Any action required or permitted to be taken by the Board may be taken without a meeting if all Trustees entitled to vote consent in writing to the taking of such action without a meeting. Such written consents shall be treated for all purposes as a vote at a meeting, and shall become part of the permanent records of the Board.

### Section 3.6 Other Matters Affecting the Trust

From time to time by majority vote, the Trustees may adopt such written rules, regulations and procedures, not inconsistent with this Trust, for the conduct of their meetings, the carrying out of their duties and powers hereunder and shall in any event, prior to the approval of any distribution pursuant to this Trust, adopt such rules and regulations as they may deem necessary to carry out their powers hereunder in accordance with applicable law. Such written rules, regulations and procedures shall be published and recorded pursuant to Article VI, section 6.4 herein.

## ARTICLE IV

### ACCOUNTS

#### Section 4.1 Accounts

The Managing Trustee shall submit to the Board at the annual meeting an account of the Trust prepared by an independent certified public accountant and shall submit copies thereof to the Boston City Council,

Boston City Clerk, and to the Division of Public Charities of the Office of the Attorney General of the Commonwealth of Massachusetts, or to such other office of said Commonwealth as shall be authorized to receive accounts of public charities. Said account shall be the result of an independent audit. Such annual account shall be published and available to the public. The Trust may charge the public a nominal fee for copies of the annual account.

#### ARTICLE V

#### DISSOLUTION AND AMENDMENT

##### Section 5.1 Dissolution and Amendment of Trust

It is intended that this Trust shall continue in perpetuity; provided, however, if for any reason it becomes impossible to do so, then this Trust may be terminated upon unanimous vote of the Trustees. If for any reason this Trust is voluntarily or involuntarily dissolved or wholly inoperative, all the property of the Trust shall be distributed to the City of Boston, to be used solely for the purposes consistent with Section 1.2 of this Trust.

Amendments of this Declaration of Trust may be made by a majority vote of the Trustees; provided, however, that such amendments do not violate the purpose of this Trust pursuant to Section (1.2); and provided, further, that Section (1.2) itself shall not be amended.

No amendment of this Declaration of Trust shall authorize the Trustees to conduct the affairs of this Trust in any manner or for any purpose contrary to the provisions of Section 501 (c) (3) of the Code. Any amendment made pursuant to this Article shall be attached to each original counterpart of this instrument and shall be recorded as provided in Section 6.5 hereof.



ARTICLE VI  
MISCELLANEOUS

Section 6.1 Titles and Subtitles

Titles of the articles and subtitles for the sections are placed herein for reference only, and in case of any conflict, the text of this instrument, other than such titles or subtitles, shall be controlling.

Section 6.2 Governed by Massachusetts Law

This Trust shall at all times be governed by, construed, regulated and administered in all respects under the laws of the Commonwealth of Massachusetts.

Section 6.3 Counterpart Copies

This Declaration of Trust may be printed and executed in as many counterparts as deemed desirable, each of which shall be an original and to be recorded as herein provided. At least one (1) copy shall always be kept on file and open to public inspection in the Office of the Boston City Clerk. -146-

Section 6.4 Recording

Executed counterparts shall be recorded in the Office of the Boston City Clerk, the Division of Public Charities of the Office of the Attorney General of the Commonwealth of Massachusetts, and the Office of the Secretary of the Commonwealth of Massachusetts. Any amendment shall take effect only when so recorded.

IN WITNESS WHEREOF, This Declaration of Trust is hereby made and executed as of this \_\_\_\_\_ day of \_\_\_\_\_, 1986.

Collector-Treasurer  
City of Boston

THE COMMONWEALTH OF MASSACHUSETTS

Suffolk, ss. \_\_\_\_\_, 1985

Then personally appeared the above-named \_\_\_\_\_ in his capacity as Collector-Treasurer and acknowledge the foregoing instrument to be his free act and deed, before me.

\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_



To the Zoning Commission of the City of Boston:

The Boston Redevelopment Authority petitions to amend the text of the Boston Zoning Code, as amended, by inserting after Article 28, the following Article:

Article 29

INCLUSIONARY HOUSING

SECTION 29-1. Statement of Purpose: The purpose of this Article is to promote the public health, safety, convenience and welfare; to prevent overcrowding and deterioration of existing housing; to preserve and increase the city's affordable housing stock; and to mitigate the impacts of market rate housing on the available supply of low and moderate income housing. The provisions of this Article are designed to increase the available supply of low and moderate income housing by requiring that residential developers who obtain increases in density or receive other zoning benefits shall provide affordable housing.

SECTION 29-2. Definitions: The following words and phrases shall have the meanings indicated:

- A. "Affordable Inclusionary Units," rental or market units for which the rent (including utilities) or the mortgage payments (including insurance, utilities, real estate taxes and condominium fees) for which the renting or purchasing household is responsible shall not exceed thirty percent of the household's income.

- B. "Boston Region," the Boston Standard Metropolitan Statistical Area.
- C. "Certificate of Inclusionary Housing Compliance," a certificate approved by the Boston Redevelopment Authority which provides legal assurance that a developer's obligations under this Article will be satisfied.
- D. "Developer," any individual, corporation, business trust, estate trust, partnership, or association, or any other entity or combination thereof.
- E. "Downtown," the area defined by the boundaries set forth in Section 22A of the Zoning Code.
- F. "Inclusionary Unit" shall mean any affordable inclusionary unit created in compliance with this Article.
- G. "Low Income Households", households whose total income does not exceed 50% of the median income of households in the Boston region;
- H. "Market Units," any dwelling unit available for purchase.
- I. "Median Income," the income set forth in or calculated by regulations promulgated by the United States Department of Housing and Urban Development, pursuant to Section 8 of the Housing Act of 1937, as amended by the Housing and Community Development Act of 1974.
- J. "Moderate Income Households", households whose total income does not exceed 80% of the median income of households in the Boston region;

- K. "Neighborhoods," the entire City of Boston with the exception of the Downtown and Waterfront areas.
- L. "Upper-moderate Income Households", households whose total income does not exceed 110% of the median income of households in the Boston region.
- M. "Waterfront," the area defined in the Appendix to this Article.

SECTION 29-3. Covered Projects. The following residential development projects shall be Covered Projects and shall be subject to the requirements of this Article:

- A. All projects in the Downtown and Waterfront areas that have 10 or more dwelling units;
- B. All projects in the Neighborhoods with:
  - (i) 25 or more residential rental units, or
  - (ii) 10 or more Market Units.

SECTION 29-4. Applicability. No conditional use permit, interim planning overlay district permit, exception, change of use or occupancy permit, or zoning map or text amendment which results in: an increase in floor area ratio or gross floor area; an increase in height; an increase in the number of dwelling units; a decrease in the amount of open space; or a decrease in the number of parking spaces; when such increase or decrease exceeds the limits set forth in the Zoning Code, shall be granted for a Covered Project unless the Boston Redevelopment Authority has issued a Certificate of Inclusionary Housing Compliance.

SECTION 29-5. Affordable Housing Requirements. All Covered Projects are subject to Section 29-4 must comply with the requirements set forth below:

- A. Ten percent of the dwelling units shall be set aside as Affordable Inclusionary Units.
- B. Affordable Inclusionary Units shall be sold in accordance with the following ratio:
  - (i) Half of the units shall be set aside for Low Income Households;
  - (ii) One fourth of the units shall be set aside for Moderate Income Households;
  - (iii) One fourth of the units shall be set aside for Upper-moderate Income Households.
- C. Affordable Inclusionary Units shall be rented in accordance with the following ratio:
  - (i) Half of the units shall be set aside for Low Income Households;
  - (ii) Half of the units shall be set aside for Moderate Income Households.
- D. Affordable Inclusionary Units shall be comparable to the non-inclusionary units within the Covered Project with regard to design, appearance, services, floor area and bedroom mix.

SECTION 29-6. Income Eligibility: For purposes of renting or purchasing Affordable Inclusionary Units, low, moderate and upper-moderate income households shall be eligible for such units in accordance with the ratio set



forth in Section 29-5(B). Buyers of Inclusionary Market Units must meet the financial eligibility requirements of the Massachusetts Housing Finance Agency.

SECTION 29-7. Restrictions: The Developer of a Covered Project shall maintain the Affordable Inclusionary Unit subject to the restrictions set forth below:

- A. Upon construction of the Inclusionary Unit, the Neighborhood Housing Trust, as defined in Section 26A-2(5), or its designee, shall have the first option to purchase Market Units or to lease rental units for an amount consistent with Section 29-5. This option shall apply to the initial and subsequent sale or lease of the Inclusionary Unit within the time limits set forth in paragraphs (B) and (C) below.
- B. Rental units shall be maintained as Affordable Inclusionary Units for a period of ten years commencing from the date of initial occupancy of the unit. A ten year deed restriction shall be placed on Inclusionary Rental Units maintaining the affordability of those units within the guidelines set forth in Section 29-5.
- C. Market Units shall be maintained as Affordable Inclusionary Units for a period of thirty years commencing from the date of the initial sale of the Inclusionary Market Unit.
  - (i) All Inclusionary Market Units shall be sold with a thirty year deed restriction which limits the resale price to an amount equal to the owner's purchase price plus 5% per annum;

- (ii) Such deed restriction shall also provide the Neighborhood Housing Trust or its designee with a sixty day option to purchase the Inclusionary Unit if it is offered for sale at any time within three years of the initial purchase of that unit.
- D. The option to purchase or lease shall extend for sixty days from the date the Developer notifies the Neighborhood Housing Trust, during which period the Neighborhood Housing Trust or its designee may identify a qualified buyer or renter for the Inclusionary Unit.
- E. If the Neighborhood Housing Trust fails to identify such a buyer or renter, or if the Neighborhood Housing Trust does not exercise its option within sixty days from notification by the Developer, the Developer shall have the right to sell or lease the Inclusionary Unit for an amount consistent with Section 29-5.

SECTION 29-8. Administration: The Boston Redevelopment Authority shall promulgate rules and regulations to govern the issuance of Certificates of Inclusionary Housing Compliance. The requirements contained in Sections 29-4, 29-5 and 29-6 shall be subject to review by the Boston Redevelopment Authority every three years from the effective date of this Article; such review shall take note of the supply of affordable housing, the rental vacancy rate, and the overall condition and strength of the housing market.

SECTION 29-9. Enforcement: No certificate of occupancy shall be issued for a Covered Project by the Commissioner of Inspectional Services unless all Inclusionary Housing Units within the Covered Project are eligible for a certificate of occupancy.

SECTION 29-10. Severability. If any provision or section of this Article shall be held invalid by a court of competent jurisdiction, such provision or section shall be deemed to be separate and apart from the remaining provisions or sections of this Article and such remaining provisions and sections shall continue in full force and effect.

## APPENDIX TO ARTICLE 29

The Waterfront area includes the waterfront of East Boston, the Inner Harbor, South Boston, Dorchester Bay and Neponset River and Charlestown and is defined by the following boundaries:

### East Boston Waterfront

Along Chelsea Street from the Chelsea River to East Eagle Street; East Eagle Street to Glendon Street; Glendon Street to Falcon Street; Falcon Street to Meridian Street; Meridian Street to London Street; London Street to Maverick Street; Maverick Street to Havre Street; Havre Street to Sumner Street; Sumner Street to Orleans Street; Orleans Street to Webster Street; Webster Street to Jeffries Street; Jeffries Street to Maverick Street; southerly on Maverick Street to the Harbor's edge.

### Inner Harbor Waterfront

From the intersection of the centerline of the North Washington Street Bridge and the north seawall; southeast along the centerline of the Bridge to the intersection of the centerline of the Bridge and the south seawall; southwesterly along the seawall until a point of four hundred feet north of Causeway Street; at the centerpoint of the North/ South Fitzgerald Expressway until Causeway Street' northeasterly along the centerline of Causeway Street until Commercial Street northerly by Causeway Street to Commercial Street; Commercial Street to Atlantic Avenue; Atlantic Avenue to Northern Avenue.

### South Boston Piers

From the intersection of Atlantic Avenue and Northern Avenue along Northern Avenue to a point on a line parallel to the water's edge at Fort Point Channel at a distance of thirty-five feet from the water's edge; southwest along said line to the Dorchester Avenue Bridge; southerly across said Bridge to a point on a line parallel to the water's edge at the southern bank of Fort Point Channel at a distance of thirty-five feet from said water's edge; northeast along said line to Northern Avenue; southeast along the Northern Avenue to Viaduct Road; Viaduct Road and C Street to Bolton Street; easterly along Bolton Street to Dorchester Street; north along Dorchester Street to a point on a line parallel to East Second Street at a distance of one hundred fifty feet south of the centerline of East Second Street; easterly along said line to Farragut Road; Farragut Road to the northerly boundary of Marine Park; and along the northerly boundary of Marine Park and Castle Island to the east end of Castle Island.

### Dorchester Bay Beaches and Neponset River

From the east end of Castle Island along the northerly boundary of Castle Island and Marine Park to Farragut Road; Farragut Road to William Day Boulevard; William Day Boulevard to Columbia Road; Columbia Road to Old Colony Avenue; Old Colony Avenue to a point on a line parallel to Savin Hill Avenue which is also the southerly boundary of an M-1 district lying north of Savin Hill; easterly on said line to Morrissey Boulevard; south on Morrissey

Boulevard to the northerly boundary of Malibu Beach Park; westerly along the northerly lines of Malibu Beach Park and McConnell Park to the Southeast Expressway; northerly along said Expressway to Bay Street; westerly on Bay Street to Dorchester Avenue; Dorchester Avenue to Freeport Street; Freeport Street to Morrissey Boulevard; south on Morrissey Boulevard to Victory Road; west on Victory Road to Houghton Street; southeast on Houghton Street to Pope's Hill Street; easterly by Pope's Hill Street to Salina Road and by the southern boundary of an I-2 district to Morrissey Boulevard; along Morrissey Boulevard to Gallivan Boulevard; Gallivan Boulevard to a point of an extension to Gallivan Boulevard of an M-1 district boundary line in Hallet-Davis Street; south on said line and Hallet-Davis Street to the old Penn Central tracks; along the tracks to Granite Avenue and continuing along the northwest boundary of the Metropolitan District Commission Park Reservation to Medway Street; along Medway Street to Adams Street; Adams Street to Dorchester Avenue; and Dorchester Avenue to the Milton boundary line. The Dorchester Bay Beaches and Neponset River sub-area defined under this article excludes the Port Norfolk Interim Planning Overlay District established in Article 27A.

#### Charlestown Waterfront

From the northernmost point of the Inner Harbor waterfront boundary, along a straight line from the Bridge to the easterly most point of the Cambridge/ Boston boundary line; to Austin Street; northeasterly by Austin Street to Rutherford Avenue; easterly along Rutherford Avenue and Front Street to northeasterly along Front Street to Water Street, along Water Street to Chelsea Street; east on Chelsea Street to Medford Street; northwest on Medford Street to Sullivan Square; from Sullivan Square northwest on Mystic Avenue to the Somerville boundary; northeast along Somerville/ Boston boundary and Everett/Boston boundary; southwest along Everett/ Boston boundary to the boundary line in the Mystic River and along the latter boundary line to the Mystic-Tobin Bridge.



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RULES AND REGULATIONS  
FOR OPERATIONS OF THE  
NEIGHBORHOOD HOUSING TRUST  
OF THE CITY OF BOSTON

For consideration by the Neighborhood Housing Trust at a public hearing  
on May 20, 1987.

## I. PURPOSE AND MANDATE OF THE NEIGHBORHOOD HOUSING TRUST

On June 6, 1986, the Mayor of the City of Boston approved an ordinance passed by the Boston City Council establishing a Neighborhood Housing Trust. The ordinance and Declaration of Trust establish the purposes of the Trust as to, "promote the public health, convenience and welfare by mitigating the extent to which Boston's low or moderate income households are unable to afford decent, safe and sanitary housing within the City of Boston. Toward that end the Trust shall help to create and retain the supply of housing for low or moderate income residents of the City of Boston, and shall, without limitation, acquire as appropriate real property to construct such housing thereon..."

While the ordinance and Trust document authorize the Trust to receive funds, it is the Boston Zoning Code which creates a revenue source for the Trust to carry out these purposes. Articles 26 and 26A of the Boston Zoning Code obligate developers of certain large-scale projects to help mitigate the impacts of large-scale development on the available supply of low and moderate income housing by complying with the "housing linkage" requirements. As explained below, when developers choose the "housing payment option" for fulfilling these requirements, they must make a stream of payments to the Neighborhood Housing Trust, thereby providing the Trust with funds to carry out its purposes.



## II. BACKGROUND: THE LINKAGE REQUIREMENTS

Articles 26 and 26A of the Boston Zoning Code require developers of certain projects over 100,000 square feet to aid in the creation of affordable housing for low and moderate income households as a condition of the grant of deviations from the Zoning Code or the grant of any amendments to the zoning map or text. This requirement, which has become known as the "linkage" requirement, is also incorporated into a contractual agreement called a "Development Impact Project Agreement" ("DIP Agreement") which the developers sign with the Boston Redevelopment Authority. The DIP Agreement describes the project in detail and specifies the amount and term of the linkage obligation.

Articles 26 and 26A, and each project's DIP Agreement, afford developers two methods for fulfilling their linkage responsibilities: a "Housing Payment Option" to be met through payment of a Housing Payment Exaction to the Neighborhood Housing Trust, and a "Housing Creation Option" to be met through directly aiding the creation of housing for low and moderate income people. Developers may select one of these options or a combination of both options to meet their linkage obligation.

### A. THE HOUSING PAYMENT OPTION

Developers choosing to meet their full linkage obligation through the Housing Payment Option are required to pay to the Neighborhood Housing Trust a Housing Payment Exaction equal to \$5.00 for each square foot of gross floor area (gsf) in excess of one hundred thousand (100,000) square feet dedicated to office, retail, or other uses specified in Article 26.

Article 26, effective December 29, 1983, requires that the Housing Payment Exaction be paid in twelve equal annual installments, the first installment being due two years after the issuance of a building permit or immediately upon issuance of a certificate of occupancy, whichever occurs first.

Article 26A, effective February 26, 1986, changed these payment terms for projects with DIP Agreements signed after that date. Article 26A requires Development Impact Projects to be built downtown to pay the Housing Payment Exaction over seven years instead of twelve, with the first installment due sooner -- upon issuance of a building permit. (Development Impact Projects to be built outside downtown continue to pay over twelve years.) Article 26A further provides that 10% of the funds due from each downtown developer and 20% of the funds due from developers building outside downtown shall be reserved for use in the neighborhoods affected by the development. Therefore, different projects have slightly different rules for payment and distribution, depending whether the project's DIP Agreement was signed before or after February 26, 1986, and whether the project is to be built inside or outside Boston's downtown.

Article 26B, which was enacted simultaneously with Article 26A, establishes an additional \$1 fee for "jobs linkage", payable over 12 years to a Neighborhood Jobs Trust. Receipt and expenditure of these funds are outside the scope of responsibility of the Neighborhood Housing Trust.

#### B. THE HOUSING CREATION OPTION

Developers interested in doing so can pursue an alternative course for meeting their linkage obligation, the "Housing Creation Option." Developers interested in partially or fully meeting their linkage obligations through housing creation are required to create or cause to be created affordable housing for low and moderate income households of the City of Boston, at a cost at least equivalent to the amount of the Housing Payment Exaction otherwise due. Developers interested in the Housing Creation Option can only fulfill their obligation in this way after approval of a valid housing creation option proposal by the Boston Redevelopment Authority.

Regulations adopted by the Boston Redevelopment Authority on April 17, 1986 establish that housing creation proposals will only be considered for approval by the BRA after the Neighborhood Housing Trust has had the opportunity to review and recommend approval or rejection of the proposal. The procedures to be used by the Neighborhood Housing Trust in fulfilling this role are described below in Section VI.

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### III. DEFINITIONS

"Affordable Housing" shall mean housing, (i) the costs for which shall not exceed a certain percentage of the income for Low and Moderate Income Households in the Boston area, such costs and such percentage to be set from time to time by the United States Department of Housing and Urban Development ("HUD"), or (ii) as otherwise defined by the Boston Zoning Commission through its adoption of the definition of any state or federal agency, authority, department or similar instrumentality providing financial assistance to reduce the occupancy cost of housing to low and moderate income residents. Affordable Housing shall include specifically and without limitation rooming houses, congregate housing, transitional housing, halfway housing, public housing, emergency shelters, rental, cooperatives, condominiums, single or multi-family dwellings, as determined appropriate, desirable, and feasible by the Neighborhood Housing Trust.

"Developer" -- the person or entity seeking to create one or more new large-scale commercial real estate developments in the city of Boston.

"Linkage Obligation" -- the obligation to contribute to the supply of affordable housing required by the developer of each Development Impact Project, which the Developer shall accomplish by means of the Housing Creation Option and/or by means of the Housing Payment Option. Also known as the DIP Contribution, the DIP Exaction or the Affordable Housing Exaction.

"Housing Creation Option" -- a means by which a Developer may fulfill its Linkage Obligation through creating or causing to be created Affordable Housing, at a cost at least equivalent to the amount of the appropriate Housing Payment Exaction, and in conformity with written regulations adopted by the Boston Redevelopment Authority. Developers are only authorized to employ the Housing Creation Option after approval of a Housing Creation Option proposal by the Boston Redevelopment Authority after public notice and hearing. Also known as the Housing Creation Exaction and the In-Kind Affordable Housing Contribution.

"Housing Payment Option" -- a means by which a Developer may fulfill its Linkage Obligation through the payment of a Housing Payment Exaction to and for the exclusive benefit of the Neighborhood Housing Trust. Also known as the Housing Contribution Option.

"Housing Payment Exaction" -- the means by which a Developer shall satisfy the Housing Payment Option through the payment of a sum of money, the amount of which shall be calculated pursuant to Articles 26 and 26A of the Boston Zoning Code, which the Developer is required to pay to and for the exclusive benefit of the Neighborhood Housing Trust. Also known as the Housing Contribution Grant, the Housing Contribution Exaction, the Affordable Housing Exaction Payment, or the Affordable Housing Exaction Money Payment.

"Low Income Households" -- households where the total income of the members thereof at initial occupancy does not exceed fifty percent (50%) of the median income for the Boston Standard Metropolitan Statistical Area as set forth in or calculated based upon regulations promulgated from time to time by the United States Department of Housing and Urban Development pursuant to Section 8 of the Housing Act of 1937, as amended by the Housing and Community Development Act of 1974.

"Moderate Income Households" -- households where the total income of the members thereof at initial occupancy does not exceed eighty percent (80%) of the median income for the Boston Standard Metropolitan Statistical Area as set forth in or calculated based upon regulations promulgated from time to time by the United States Department of Housing and Urban Development pursuant to Section 8 of the Housing Act of 1937, as amended by the Housing and Community Development Act of 1974.

#### IV. PROCEDURES FOR THE ORGANIZATION AND STRUCTURE OF THE NEIGHBORHOOD HOUSING TRUST

##### A. STRUCTURE AND STAFFING OF THE NEIGHBORHOOD HOUSING TRUST

###### 1. Chair of the Neighborhood Housing Trust

Every other year, at the next annual Trust meeting after the biennial municipal elections, the Trustees shall by majority vote elect one of their members to serve as Chair of the Trust for the next two years. The Chair shall organize and schedule Trust meetings, and shall notify the Trustees of such meetings, as functions delegated by the Managing Trustee. The Chair shall chair Trust meetings, shall distribute all funding proposals to the Trustees, shall distribute all housing creation proposals to the Trustees, shall oversee the work of the secretary, and shall oversee the work of any staff employed by the Trust.

###### 2. Appointment of a Secretary

The Trustees shall appoint a secretary, who shall not be a Trustee and who shall serve at the pleasure of the Trustees. The secretary shall keep a record of the proceedings of meetings of the Trustees and shall be a custodian of books, documents, and papers filed with the Trustees.

###### 3. Other Staffing Needs

The Trustees shall determine the best method for carrying out those responsibilities of the Trust which require or could benefit from staff assistance, including but not limited to the tracking of linkage and other funds due to the Trust, soliciting and reviewing proposals for use of Trust funds, reviewing Housing Creation proposals, and monitoring projects to which Trust funds have been allocated.

The Trust shall attempt to minimize the amount of Trust funds spent upon staffing or consultation services, so as to leave the maximum funds possible for distribution to projects which develop new or rehabilitated housing. To this end, the Trustees may request assistance in their duties as needed from the City of Boston Law Department, the Boston Redevelopment Authority, the Public Facilities Department, Mayor's Office, or such other City departments as can aid in developing or implementing policies of the Trust.

In no case shall the administrative expenditures of the Trust, including the cost of staffing and an annual audit, exceed \$100,000.

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## 8. PROCEDURES FOR MEETINGS OF THE TRUST

### 1. Meetings are Open Public Meetings

Meeting of the Trust shall be open public meetings in accordance with the open meeting laws of the Commonwealth of Massachusetts as embodied in MGL Chapter 30 s.23, as amended.

### 2. Scheduling of Meetings

The Trustees shall hold an annual meeting on the Monday following the second Friday in January of each year, and shall also hold at least three other quarterly meetings each year. The Trustees may also meet at such other times as may be designated for Special Meetings by the Chair, or by vote of the Trustees.

### 3. Notice Provisions

Quarterly or special meetings shall be called by written notice from the Chair. Such notice must be received by each other Trustee at least seven days prior to the date scheduled for such meeting, unless such notice is waived in writing by all Trustees and such waiver is filed with the records of the Trust. Notices for Trust meetings shall set forth the date, shall state the time and place of the meeting, shall contain an agenda of actions to be brought before the Trust, and shall also include any appropriate background information for the meeting.

### 4. Actions Without Meetings

Any action required or permitted to be taken by the Trust may be taken without a meeting if all Trustees entitled to vote consent in writing to the taking of such action without a meeting. Such written consents shall be treated for all purposes as a vote at a meeting, and shall become part of the permanent records of the Trust upon announcement of the occurrence of such a vote at the next public meeting of the Trust.

### 5. Meeting Attendance

Should any Trustee other than those serving ex officio fail to attend two consecutive quarterly meetings, he or she shall be deemed to have voluntarily vacated his or her office as Trustee, and his or her office may be filled by the Mayor as provided by the terms of the Trust.

## 6. Quorum

A quorum shall be constituted at each meeting if at least four of the Trustees are present in person.

## 7. Voting

Each Trustee shall be entitled to one vote on each matter brought before the Trust. Except as otherwise provided herein or by the terms of the Declaration of Trust Articles I or II, the Trust shall act by majority vote of the Trustees present and eligible to vote.

## 8. Minutes of Trust Proceedings

The secretary shall record minutes at each meeting. Minutes shall be sent to each Trustee with the notice and agenda of the next meeting. Minutes shall be accepted or edited by Trust vote at said next meeting, and shall be filed with the Trust records.

## C. PROCEDURES FOR COLLECTING PAYMENTS DUE TO THE TRUST

The Managing Trustee shall implement procedures to ensure prompt collection of housing payment exactions due to the Trust.

### 1. Collection of First Housing Exaction Payments Due

In order to ensure prompt receipt of the first annual housing exaction payments from developers obligated by Article 26A to make such first payment at the time of issuance of a building permit, the Inspectional Services Department shall not issue a building permit until satisfactory evidence of receipt of said first payment by the Managing Trustee has been presented or a Housing Creation Agreement has been signed with the Boston Redevelopment Authority. Satisfactory evidence shall consist of a true copy of the letter from the Managing Trustee to the developer acknowledging receipt of the payment.

Similarly, no developer obligated by Article 26 or Article 26A to pay the first annual housing exaction payment upon issuance of a certificate of occupancy or two years after issuance of a building permit, whichever is sooner, shall be issued a certificate of occupancy by the Inspectional Services Department until satisfactory evidence of receipt of said first payment by the Managing Trustee has been presented or a Housing Creation Agreement has been signed with the Boston Redevelopment Authority.

## 2. Collection of Subsequent Housing Exaction Payments Due

In each subsequent year in which a developer is obligated to make annual housing payment exactions to the Trust, the Managing Trustee shall send a bill to the developer at least fourteen days prior to the date on which such subsequent payment shall become due. Such bills shall indicate the amount owed and the date on which payment is due.

## 3. Interest and Penalties

In the event that payments are not made in a timely manner as provided in the Development Impact Project Agreement, interest shall be charged the developer at the statutory rate. A statement regarding such interest charges shall be attached to the letter acknowledging receipt of the first annual payment.

## 4. Enforcement Actions to Collect Payments Due

The Managing Trustee shall, after a majority vote of the Trustees, institute proceedings as allowed under law to enforce collection of any payments due to the Trust, including any unpaid first annual exaction payment or unpaid subsequent annual exaction payments.

# D. PROCEDURES FOR MANAGING TRUST CONTRIBUTIONS

## 1. Annual Account of the Managing Trustee

At each annual meeting, the Managing Trustee shall submit to the Trustees an account of the Trust prepared by an independent certified public accountant and shall submit copies of it to the Boston City Council, Boston City Clerk, and to the Division of Public Charities of the Office of the Attorney General of the Commonwealth of Massachusetts, or to such other office of the Commonwealth as shall be authorized to receive accounts of public charities. The account shall be the result of an independent audit and shall be available to the public. The Trust may charge the public a nominal fee for copies of the annual account.



## 2. Records of Trust Property

The Managing Trustee shall keep a list of all names and amounts of donors to the Trust. All Trust property shall be identified on the books, and all such records and books shall be open to the public at times and places identified by the Managing Trustee.

## 3. Procedures for Management of Money

The Managing Trustee shall establish the procedures for the management of Trust funds, and shall report annually on such procedures to the Trustees. Such report shall explain how the Trust funds have been invested, the extent to which the Managing Trustee has delegated financial management responsibilities to an outside custodian, and the extent to which the Trust may borrow against Trust funds. The Trustees may at any time by majority vote direct the Managing Trustee in the performance of duties related to the management of Trust funds.

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## V. PROCEDURES AND CRITERIA FOR DISTRIBUTION OF FUNDS

### A. DETERMINATION OF FUNDS AVAILABLE FOR DISTRIBUTION

Prior to the Trust's annual meeting each January, the Managing Trustee shall prepare a report of the funds currently available to the Trust and the funds expected to become available to the Trust during that calendar year. Funds currently available shall include funds previously accepted by the Trust but not yet expended, plus any interest earned on these funds. Funds expected to become available shall include all housing payment exactions expected to become due in that year, plus any other donations due to the Trust.

In preparing this report, the Managing Trustee may request that the Boston Redevelopment Authority prepare a listing of all development projects for which Development Impact Project Agreements have been executed ("DIP Projects"), and for each such DIP Project, that the Boston Redevelopment Authority provide at least the following information: the total linkage obligation due, whether a Housing Creation Agreement has been approved or proposed, the number of years over which this project must pay annual exactions if the Housing Payment Option is chosen, the year in which the first Housing Payment Exaction is expected to become due, and with respect to Development Impact Projects with payments due in the current year, an estimate of the month in which that payment shall become due.

At the annual meeting, or at a subsequent meeting of the Trust, the Trustees shall determine what amount of these funds it is in the best interest of the Trust to distribute in that calendar year and how and when to distribute up to such an amount, through request for proposals funding rounds or alternative procedures, as set forth below. In making this determination, the Trustees shall consider, among other factors, the amount of funds expected to be available in subsequent years, the number of housing creation proposals expected in that year, and the Trust's current ability to obligate funds due to the Trust in future years.

## B. AUTHORIZATIONS NEEDED PRIOR TO DISTRIBUTION OF FUNDS

In order to receive needed approvals from the City Council and the Mayor, the Trustees shall at their annual meeting request that the Mayor submit to the City Council a proposed order approving the acceptance and subsequent expenditure of all housing payment exactions which may become due from developers of Development Impact Projects which have executed Development Impact Project Agreements with the Boston Redevelopment Authority in the prior year.

The Trustees may at any subsequent meeting of the Trust amend this request or make further requests for City Council and Mayoral approval of funds to be accepted and expended if further Development Impact Project Agreements are executed during the year.

## C. PROCEDURES FOR APPLICATION FOR FUNDS

### 1. Request for Proposals Procedures

The primary method for distribution of funds shall be through "request for proposals" competitions. Such competitions shall be initiated through issuance by the Trustees of a request for proposals soliciting applications for assistance from organizations or individuals that wish to create or preserve affordable housing in Boston.

The Trust may issue a request for proposals for general housing development and preservation, or may issue a targetted request for proposals, which requests proposals featuring only particular types of housing development (e.g. handicapped housing) or particular uses of funds (e.g. loans versus grants) that the Trust determines are of particular importance or need to the City at that time.

Request for proposals shall indicate the maximum amount of funds expected to be distributed in that funding round, where and in what format proposals can be submitted, the date upon which proposals are due, whether a nominal fee shall be due upon submission, and the criteria which shall be used for selecting among proposals. Requests for proposals shall afford applicants a minimum of 45 days to submit proposals to the Trust.

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#### E. ELIGIBLE PROJECTS FOR RECEIPT OF TRUST FUNDS

Projects containing owner-occupied, rental, cooperative or other forms of permanent, transitional, or temporary housing may be eligible for receipt of Trust funds, whether they are developed through new construction, rehabilitation of abandoned housing, conversion of non-residential property, or rehabilitation of occupied residential property, if they meet the following criteria:

1. The affordable units would not be built ~~but for~~ the Trust funds requested.
2. Trust funds shall be used ~~solely to assist~~ the affordable units. Projects may contain units to be occupied by households of various incomes, but Trust funds may not be used to directly benefit households other than those occupying the affordable units.
3. All Trust funds shall be used to assist the creation or preservation of ~~housing~~. A project may contain non-residential uses, but Trust funds shall not be used to assist non-residential uses.
4. The project is ~~financially~~ feasible.
5. The project's applicant has ~~site control~~.
6. The project shall be managed in compliance with the provisions of the ~~Boston Jobs Ordinance~~.
7. Housing units to be produced or rehabilitated shall meet the requirements of the ~~state sanitary and building codes~~.
8. Housing units created or preserved shall be made available in accordance with the applicable ~~fair housing and equal opportunity~~ requirements as provided by law.
9. Such additional criteria as the Trust may establish in a request for proposals or alternative application procedures.

## F. PROCEDURES AND CRITERIA FOR REVIEW OF APPLICATIONS

### 1. Review Procedures

The Trustees shall review all applications which are appropriately submitted to the Trust. After initial review, the Trustees may request further materials to explain or modify any proposal and may upon request allow proponents an opportunity to amend their applications.

The Trust shall hold at least one public hearing before each distribution of funds. All proposals deemed finalists (or all proposals if the Trust does not choose finalists) shall be afforded a public hearing. Public hearings shall allow proponents and any opponents an opportunity to comment on the proposals.

After accepting and reviewing applications, the Trustees may vote to approve all, some, or none of the applications they have received.

### 2. Review Criteria

The Trustees shall review the extent to which eligible submitted proposals meet the following review criteria in order to determine which, if any, best meet the purposes of the Trust and the needs of the City.

- a) The number of affordable units to be developed.
- b) The amount of Trust funds requested per affordable unit to be developed.
- c) The developer's capacity, determined through consideration of the developer's past history in completing projects of similar scale and nature, and for developers proposing rental housing, the property management history of the developer and management agent.
- d) The timeliness with which units shall be developed.
- e) The number of years that the project shall maintain units at affordable rental or sales prices, and the strength of the enforcement mechanisms offered to ensure this long-term affordability.
- f) The number of the affordable units that shall be made available to low income households.

- g) The extent, if any, to which the project provides housing for special needs households including, but not limited to: mentally ill and/or physically handicapped persons, battered women and their children, homeless individuals.
- h) The extent to which the project shall provide employment for local, female, and minority labor.
- i) The extent to which the project shall provide financial or managerial participation by minority business enterprises or women business enterprises.
- j) Any ongoing or reversionary financial or ownership participation in the development offered to the Trust which may enhance the resources available to the Trust.
- k) The extent to which the neighborhood in which the Project is located has not previously received Trust distributions.
- l) Such other criteria as the Trustees may establish in a request for proposals or alternative application procedures.

#### G. PROCEDURES FOR MONITORING USE OF TRUST FUNDS

The Trustees shall require recipients of Trust funds to enter into agreements with the Trust establishing their obligations to use Trust funds appropriately. Such agreements shall also establishing reporting requirements concerning the use of Trust funds and shall establish penalties for inappropriate use of funds.

#### H. TECHNICAL ASSISTANCE IN DISTRIBUTION OF FUNDS

In conformity with the policies established in Section IV (A)(3) above, the Trust may request assistance from the City of Boston Law Department, the Boston Redevelopment Authority, the City of Boston Public Facilities Department, the Mayor's Office of the City of Boston, or such other agency staff or outside counsel or consultants as the Trustees deem necessary and appropriate to prepare requests for proposals, review applications for funds, or otherwise aid in the establishment of funding rounds, the distribution of Trust funds, and the monitoring of Trust fund distributions.

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## VI. PROCEDURES AND CRITERIA FOR REVIEW OF HOUSING CREATION PROPOSALS

The Housing Creation Option offers developers the opportunity to meet their housing linkage requirements by directly creating or aiding in the creation of affordable housing. Regulations adopted by the Boston Redevelopment Authority on April 17, 1986 establish that each housing creation proposal must be submitted to the Neighborhood Housing Trust for the Trustees' review and recommendation before the proposal is considered for approval by the Boston Redevelopment Authority.

### A. PROCEDURES FOR REVIEW OF HOUSING CREATION PROPOSALS

Upon receipt of a completed Housing Creation proposal, the Managing Trustee shall make copies available to all Trustees, and the Chair shall schedule a public hearing on the merits of the proposal, at which proponents and any opponents of the project shall be afforded the opportunity to speak.

### B. CRITERIA FOR REVIEW OF HOUSING CREATION PROPOSALS

The Trustees shall evaluate the merits of any housing creation proposal submitted for its review according to the same criteria established for applications for receipt of Trust funds, as described in Section V.(D),(E), and (F) herein, as amended.

### C. RECOMMENDATION CONCERNING HOUSING CREATION PROPOSALS

After review and public hearing, the Trustees shall make a determination concerning the overall appropriateness of the proposal and may recommend to the Boston Redevelopment Authority approval, with or without conditions, or denial of the housing creation proposal. If the Trust makes no recommendation within forty-five calendar days of receiving a housing creation proposal, the Boston Redevelopment Authority may after public notice and hearing take final action on the Housing Creation Proposal.

## VII. AMENDMENTS OF RULES AND REGULATIONS

The Trustees may amend these Rules and Regulations by majority vote at any meeting of the Trustees. All written rules, regulations, procedures and amendments shall be published and recorded pursuant to Article VI, section 6.4 of the Ordinance establishing the Trust, Title 10, City of Boston Code.















## Community-based Initiatives Program

### I. Introduction

The Public Facilities Department (PFD) has two financial assistance programs available as part of its Community-based Initiatives for nonprofit, community-based development organizations (CDOs).

- o The Management Assistance Program (MAP) provides financing to CDOs for project managers to implement a specific real estate development project.
- o The Technical Assistance Program (TAP) provides funding for the initial costs associated with packaging a real estate development project. Eligible costs include appraisals, architectural and engineering studies, marketing plans and options for purchasing land and/or buildings.

All work directly associated with projects that are eligible for Community Development Block Grant (CDBG) funding are eligible for financing under the MAP and/or TAP. The projects must primarily benefit low- and moderate-income persons, in accordance with levels set for Section 8 of the 1937 Federal Housing Act, or aid in the prevention or elimination of slums and blight.

Funding will be in the form of a grant with a recapture provision, making the money refundable to the PFD when the permanent loan is closed.

The maximum amount available through the MAP program is \$27,000. Of this, no more than \$25,000 can be used for project manager's salary and fringe benefits. A maximum of \$2,000 in MAP funds can be used for overhead expenses.

A maximum of \$25,000 is available through TAP for professional services used in conjunction with a given project.

Site control/ownership is a prerequisite for funding for both MAP and TAP, except in cases where the CDO is seeking funds to secure an option on the property.

Proposals are evaluated on the basis of program and agency eligibility; financial feasibility; soundness of project concept; development team capability; management capability; prior level and quality of performance; public benefit; readiness for construction; and need for project management personnel and/or financial packaging assistance. CDOs whose organizational mission is neighborhood development will be given priority. Neighborhood development includes job creation and retention, business development, and housing activities. Proposals may be submitted to the HDEA at any time.

The Application for Financial Assistance, to be used for both MAP and TAP, is attached.

For more information and assistance, contact the MAP/TAP Administrator at 720-4300, ext. 378, or by writing the MAP/TAP Administrator, Development Division, Public Facilities Department (PFD), 15 Beacon Street, Boston, MA 02108. Applicants are encouraged to meet with PFD staff to discuss their proposals before completing the application.

## II. Eligible Applicants

MAP and/or TAP funds are awarded to community-based, nonprofit development organizations which comply with the criteria for eligibility summarized below. Compliance with criteria does not insure funding.

- A. The organization must be an incorporated nonprofit organization established under Massachusetts General Laws.
- B. The organization must be development-oriented and involved in activities contributing to neighborhood development; i.e., job creation and retention, business development, and housing activities.
- C. Priority will be given to organizations which have the following characteristics:
  1. The CDO operates within a specified geographic area. The area is defined as blighted or substandard and/or it has a median income of below 80% of the median income for the City of Boston.
  2. The CDO has an official membership which is open to all area residents 18 years of age and older.
  3. The CDO has a board of directors, a majority of whose members are elected by area residents from among the CDO's membership.



- D. Organizations which do not meet all the criteria as delineated in "C" (above) will be given secondary consideration. In these cases, the CDO has the alternative of proving that it has a successful record in real estate developments that generate substantial public benefits, particularly for low- and moderate-income Boston residents.
- E. The organization must have a proven capacity to handle its administrative activities. It must either demonstrate that funding for its executive director is secure or show that it has the capacity to handle daily organizational tasks over the course of the project.

### III. Eligible Activities

MAP and TAP funds may only be used for activities associated with real estate projects. Projects may be commercial, industrial, residential or mixed-use developments.

Both MAP and TAP must be used by a CDO for activities directly related to a specific development project. All costs must be classified as "program management" under CDBG regulations, as opposed to "administrative". PFD will not consider funding any proposal which contains general administration, oversight or planning activities. The NDEA retains the right of final determination as to whether specific projects and activities are eligible.

Public benefits must be generated by real estate projects in which MAP and TAP funds are used. Public benefits may include: the creation/retention of permanent jobs for low- and moderate-income Boston residents; additional property taxes to the city; the provision of essential neighborhood commercial services; the creation of housing units for low- and moderate-income Boston residents; the reuse of vacant or deteriorated buildings and land; the potential for economic spin-off and leverage of additional development and investment in the immediate neighborhood; the elimination of a major blighting influence in the neighborhood; the creation of minority business opportunities.

MAP funds are awarded only to CDOs which have firm evidence of site control. Except in the case where a CDO seeks funds to secure an option on a property, TAP funds are awarded only to CDOs which have firm evidence of site control.

A. Management Assistance Program (MAP)

MAP provides grants (with a recapture provision) to CDOs to hire a project manager to oversee the implementation of a specific real estate development project in the CDO's geographic area. The activities of the project manager must be tied directly to the implementation of a project and be past the point of conceptual project planning and preliminary feasibility analysis.

For example, eligible activities carried out by the project manager might include:

- o securing rehabilitation financing
- o preparing loan applications
- o preparing project marketing analyses
- o estimating rehabilitation costs
- o writing work specifications
- o negotiating with private and public funding sources
- o locating tenants and pre-leasing space

MAP funds also may be used to cover specific project-related overhead costs. The NDEA retains the right to determine the amount allocated for overhead costs, and also may determine that no funds be allocated.

Activities carried out by the project manager which are considered to be ineligible are those which are classified as planning, policy management, capacity building, or administrative under CDBG regulations. Any activities which are not specific to your project are also ineligible.

For example, ineligible activities include:

- o general administrative functions
- o general data gathering
- o preparation of feasibility plans or studies
- o functional area plans (e.g., transportation or economic development)
- o strategic planning
- o general agency goal-setting
- o program evaluation
- o agency accounting functions
- o general public relations

Any costs associated with determining a possible location or use for a proposed project are planning or administrative in nature, and are thus ineligible. The PFU will demand repayment for any costs incurred performing ineligible activities (e.g., a project manager whose time is spent on agency administrative tasks).

## B. Technical Assistance Program (TAP)

TAP provides grants (with a recapture provision) to CDOs to finance the initial costs associated with packaging a commercial, industrial, residential, or mixed-use real estate development project. Only those activities which are directly associated with a specific eligible project and which are mortgageable will be considered for funding. CDO's must demonstrate in the application that TAP financing is "funding of last resort" for their project.

The activities listed below are eligible uses for TAP funds. Priority will be given to CDOs seeking assistance for the following:

- o architectural and engineering studies
- o legal work
- o cost estimates
- o site surveys
- o appraisals

Secondary consideration will be given to CDOs seeking assistance for the following:

- o packaging development proposals
- o marketing plans
- o environmental and historical clearances

TAP funds also may be used for:

- o options for purchase

## IV. Financial Assistance

The goal of MAP and TAP is to increase the ability of nonprofit community-based developers (CDOs) to compete in the real estate development market place. Flexible financing for front-end project costs is provided, enabling CDOs to increase their staff and development capability.

CDOs may submit MAP and TAP applications at the same time. Generally, TAP funding precedes MAP because TAP may be used for more preliminary development activities. The application for both programs is the same.

The maximum amount available through MAP is \$27,000 for a period of one year, of which \$25,000 may be used for the salary and fringe of the project manager. This reflects a full-time work schedule, as determined by the PFD. The total amount allocated for salary and fringe is negotiable and varies from project to project. All funding used as salary will be paid on an hourly basis. Awards for part-time project managers are also made. The PFD reserves the right to review the resumes of final candidates for project management positions in order to ensure that the qualifications meet the minimum requirements necessary for the job. Managers hired will be eligible for two weeks vacations after six months of contract and all city holidays.

A maximum of \$2000 may be awarded to cover project-related overhead costs. In most cases, this allocation is less. Costs are restricted to standardized categories. They are reimbursed on a monthly basis following contract negotiations.

The maximum available through TAP is \$25,000 per CDO project. While TAP funds are designed to be used in tandem with MAP, they are not restricted to MAP award recipients.

Funding for both MAP and TAP is in the form of a grant. The grant is recaptured by the PFD when permanent financing is arranged. In cases where option payments are available through TAP, the option must be negotiated so that money is refundable to the PFD.

If a project does not go forward for reasons beyond the control of the CDO, recapture of funds shall be deemed infeasible by the PFD. A determination of recapture infeasibility will result given the following circumstances:

- o loss of site control;
- o inability to secure adequate financing;
- o other circumstances as deemed appropriate by the PFD after review.

In cases where site control is lost, all TAP funds used for options must be paid back to the PFD. This applies under all circumstances.

A determination of recapture infeasibility cannot be made prior to twelve (12) months from the expiration date of the MAP and/or TAP contract. The attached recapture agreement details more specifically the responsibilities of the CDO as well as the process for determining recapture infeasibility. The PFD reserves the right to decide whether and when a determination of recapture infeasibility will be made.

The PFD encourages supplementing IAP and TAP funding with other financing. CDOs are encouraged to find matching funds from other public and private sources. CDOs may work in partnership with for-profit developers and still receive IAP and/or TAP funding.

V. Selection Criteria

Projects awarded IAP and/or TAP funds must satisfy the following criteria as determined by the PFD.

A. Agency

1. Program eligibility (see section II above)
2. Strong management and financial capabilities
3. Prior level and quality of performance
4. Need for funding

B. Project

1. Program eligibility (see section III above)
2. Economic feasibility and marketability
3. Suitability for the site and neighborhood
4. Other public and private commitments
5. Firm evidence of site control
6. Realistic scope of work and timetable
7. Strong public benefits, including:
  - a. the creation/retention of permanent jobs for low- and moderate-income Boston residents;
  - b. additional property taxes to the city;
  - c. the provision of essential neighborhood commercial services;
  - d. the creation of housing units for low- and moderate-income Boston residents;
  - e. the reuse of vacant or deteriorated buildings and land;
  - f. the potential for economic spin-off and leverage of additional development and investment in the immediate neighborhood;
  - g. the elimination of a major blighting influence in the neighborhood;
  - h. the creation of minority business opportunities.

Projects which involve the creation and/or rehabilitation of housing must demonstrate that at least 51% of the tenants are low- and moderate-income persons. A household is considered to be of low income if income from all its members is less than 50% of the median income for the Boston SHSA, as established by the U.S. Department of Housing & Urban Development. Moderate-income households are those with income from all members totalling less than 80% of the median for the Boston SHSA. Because MAP and TAP will be used during the early stages of the development process, and generally prior to actual tenant selection, the PFD will require CDOs to sign a commitment to provide housing for low- and moderate-income persons. Applicants should also indicate how the tenant selection process will be carried out, and how low- and moderate-income eligibility will be documented. A listing of income levels and affordable rents, by household and unit size, should be included in the MAP/TAP application (MAP/TAP Form 9).

Prior to leasing or purchase, the PFD will require that the MAP/TAP recipient certify each tenant. The CDO must submit tenant certification forms prepared by the CDO's management agent or prepared by the mortgage lender for each tenant. Upon submission of this information, the PFD reserves the right to inspect the management agent's or CDO's tenant records for income verification purposes.

Projects which involve job creation or retention must demonstrate that 51% or more of the jobs created or retained will go to low-and/or moderate-income persons. The U.S. Department of Housing and Urban Development (HUD) uses the following criteria to determine low- and/or moderate-income employment benefits:

- o A position created or retained must have an annual salary less than the moderate income level for a family of four. This amount is currently \$27,200.
- o Entry-level positions paying over \$27,200, but with requisite skill levels suitable to low- and moderate-income persons, are considered applicable towards meeting the 51% job-creation/retention goal.
- o Persons classified as "economically disadvantaged" who find employment in the CDO's project are also considered eligible towards meeting the 51% job creation goal. A person is considered economically disadvantaged if he or she has an income less than the JTPA eligibility guidelines, is receiving or has a household member receiving welfare payments, is receiving food stamps, or has a foster child on whose behalf state or local payments are being made.

The low-and moderate-income goal may vary, depending upon how much project space is devoted to activities that directly benefit low-to moderate-income persons. The PFD will also require documentation indicating that 50% of jobs created will go to Boston residents, 25% to minorities and 50% to women. Free assistance to MAP/TAP recipients and their tenants will be provided by PFD through the Boston Job Exchange (BuX), an affiliate of the Mayor's Office of Jobs and Community Services.

#### VI. Contracting, Budgeting, and Monitoring for MAP Awards

Contracts between PFD and award recipients must conform to HUD, State, and City of Boston regulations and procedures. Upon selection for funding under MAP, the recipient and PFD will negotiate the structure of a final budget. The City of Boston Code requires that all contracts with the PFD be cost-reimbursement agreements. The PFD will reimburse an award recipient only upon receipt of a properly completed invoice. Expenditures must have occurred during the dates covered by the MAP contract period. Under no circumstances may an award recipient receive an advance. Because of the nature of implementing real estate development projects, CDOs will be required to account for and bill the project manager's time on an hourly basis.

Under a standard contract, recipients will be required to establish and maintain on a current basis an adequate accounting system on an accrual basis in accordance with generally accepted accounting principles and standards. A cash basis system is acceptable as long as accrual reporting is provided a timely and accurate basis by modifying the cash accounting method.

PFD may require the recipient to utilize forms which PFD provides for making the conversion from cash to accrual-based systems. The accounting system must be adequate to enable the preparation of financial statements for submission to PFD on a current and timely basis and to provide for a proper audit trail between the cash and accrual-based systems.

All costs must be supported by properly executed payrolls, time records (including time distribution records where appropriate), invoices, contracts or vouchers, or other official documentation evidencing in proper detail the nature and propriety of the charges in conformance with PFD requirements. All checks, payrolls and invoices pertaining in part or in whole to this contract must be clearly identified and readily accessible.

Prior to signing a contract, the MAP award recipient will be required to submit a Budget Worksheet (which will project monthly accrued expenditures), scope of services, project timeline, and quarterly goals summary which must be approved by PFD. This information must have final approval by the MAP/TAP Administrator within 30 days after receipt of the award letter. Failure to do so may result in the termination of the award.

Each month the recipient will submit a Monthly Performance Report for comparison with the Annual Performance Worksheet and the Budget Worksheet. The recipient must also submit quarterly and final performance output goals. Quarterly and final reports based on the goals must also be submitted for review by the PFD.

Reimbursement will occur monthly, once a contract has been executed. Upon receipt of a properly completed invoice, as determined by the PFD, the recipient will be reimbursed for the previous month's costs. Due to the time factor involved in executing a new contract and processing payments, award recipients must be prepared to incur costs for up to three months before initial reimbursements from the PFD are made.

PFD makes regular site visits to monitor project progress and award recipient performance. Monthly meetings with project managers and relevant CDO staff to assess project progress will be required. Monthly meetings will be held with award recipients on the same day at the same time each month.

## VII. Standard Requirements

Applicants awarded MAP and/or TAP financial assistance must comply with the statutes and regulations governing the use of Federal Community Development Block Grant (CDBG) funds. The requirements are stated below:

- a. Federal procurement regulations must be followed in the use of these funds for costs incurred for professional services, consultants, and other appropriate categories. These regulations, found in Office of Management and Budget Circular A-102, basically require an open and competitive process in order to insure reasonableness of cost. "Costs plus" contracts or "percentage-based" fees are prohibited under federal regulations. In cases where TAP funds are used for technical assistance contracts of \$10,000 or more, federal regulations require the award recipient to place services out for public bid.
- b. Federal environmental clearance procedures. The City of Boston prepares an environmental assessment leading to a "level of clearance finding" based on information provided by the applicant. Should an Environmental Impact Statement be necessary, the applicant is responsible for its preparation.



- c. Federal equal employment opportunity and affirmative action requirements, including Title VIII of the Civil Rights Act of 1968 and section 504 of the Rehabilitation Act of 1973, and all other Federal and local regulations relative to the use of CDBG funds. MAP recipients should advertise for project managers in a majority and a minority newspaper.
- d. Applicants and their principals must be current in their property tax payments on all property owned within the City of Boston.

#### VIII. Application Process

CDOs may submit proposals for funding at any time. There is a single application for both MAP and TAP. Only complete applications are accepted. Each proposal is given a specific timetable for progress toward final commitment of funds.

All prospective applicants are requested to discuss their proposed project with PFD staff before applying for MAP and/or TAP. Technical assistance is available from PFD's Development Division throughout this application process.

The Application for Financial Assistance is attached. Please complete the Summary form before contacting the PFD staff for information and technical assistance. PFD's Development Division can be contacted at 720-4300, ext. 378.



SUMMARYMAP/TAP APPLICATION

1. Applicant \_\_\_\_\_
2. Applicant Address \_\_\_\_\_  
\_\_\_\_\_
3. Applicant's Phone Number \_\_\_\_\_
4. Project(s) \_\_\_\_\_
5. Project Address \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
6. Project Census Tract \_\_\_\_\_
7. Project Type (check all categories that apply)
 

_____	New Construction				
_____	Rehabilitation				
_____	Commercial	( _____	Office	_____	Retail)
_____	Industrial				
_____	Residential	( _____	Rental	_____	Condo _____ Co-op
8. Project Activities (list amounts for all that apply)
 

\$ _____	<u>MAP:</u>	
_____		project management (salary & fringe benefits)
_____		project related overhead costs
\$ _____	<u>TAP:</u>	
_____		funding for consultants to carry out the following:
	_____	architectural and engineering studies
	_____	legal work
	_____	cost estimates
	_____	site surveys
	_____	packaging development proposals
	_____	appraisals
	_____	marketing plans
_____		other funding requirements
	_____	environmental and historical clearances
	_____	options for purchase
_____		other (define)



9. Expected date of obtaining site control/ownership of property:

10.. Brief description of project(s). Describe current state and reuse plans.

11. Project Size

Building Floor Area (Gross Square Footage) \_\_\_\_\_  
Number of Stories \_\_\_\_\_

12. Project Costs

Acquisition	\$ _____
Relocation	\$ _____
Construction	\$ _____
Related costs	\$ _____
Contingency	\$ _____
TOTAL COSTS	\$ _____

13. Proposed Project Funding

<u>SOURCE</u>	<u>AMOUNT</u>
a)	\$ _____
b)	\$ _____
c)	\$ _____
d)	\$ _____
e)	\$ _____
TOTAL	\$ _____

14. Public Benefits Summary

Permanent jobs created or retained \_\_\_\_\_  
Housing units for low/moderate income residents \_\_\_\_\_  
Other public benefits (specify) \_\_\_\_\_



MAP/TAP

APPLICATION FOR FINANCIAL ASSISTANCE

In no more than ten pages, briefly respond to each of the following. Please type your response separately and attach it to this application. Submit five copies of the completed application.

I. Agency Information

1. Submit a copy of the CDO's By-Laws, showing that: a) the CDO is a non-profit under Massachusetts General Laws; b) it operates in a specified geographic area (attach a map); c) it has an official membership open to all area residents age 18 and over; and d) the majority of its board of directors are elected by residents who are members. Include organization's Federal identification number.
2. Demonstrate that the CDO has had real estate development experience and that it has had a history of successful/completed projects. Show that the real estate development has generated public benefits, particularly for low- and moderate-income people.
3. Show how the proposed project supports the CDO's neighborhood development goals.
4. Show that funding for the executive director of the CDO is secure and/or that the CDO has the capacity to handle daily organizational administrative tasks over the course of the project. Describe the CDO's current staff, their activities and their relevant real estate development expertise.
5. List names and addresses of Board members and their expertise and tenure. Describe their level of involvement in the CDO's activities.
6. Describe the characteristics of the CDO's membership (e.g., total number, sex and race).
7. Show that the CDO is current on property tax payments for all property owned within the City of Boston. List all properties owned by the CDO. Give the address, ward, parcel number, and tax status for each property.





## II. Project Information

1. Describe the proposed project. What are the current uses of the property and the reuse plans?
2. Show that the project is past the point of conceptual planning and preliminary feasibility analysis as evidenced by the steps initiated to date (e.g., plans and specifications or initial cost estimates).
3. Provide evidence of site control for the property. Discuss the steps taken, including the type of control (title owner, purchase and sales agreement, option, public agency designation, or other) and the date on which site control was obtained.
4. Demonstrate that the proposed use is suitable for the site and that there is justification for that use (e.g., a feasibility study).
5. Attach a detailed schedule for project implementation. If applying for MAP, provide a detailed work schedule for the project manager over the period of MAP funding (6, 9, or 12 month schedule).
6. Justify the need for funding. For MAP, show the need for project management personnel and overhead costs. For TAP, show that other public and private financing is unavailable.
7. Outline the funding status of the project. Show that the CDO has identified and negotiated with likely funding sources and that MAP and/or TAP funds will leverage and complement other project resources.
8. Attach a list of at least three organizations and the contact people there which will provide references for you to establish that you have a successful track record in real estate development. Two of the references should be private lenders (e.g., banks) and one should be a public funding agency (federal, state, or local).
9. Attach census tract location of proposed project.



FORM 2. Agency Fiscal Year Budget:

Agency Name: \_\_\_\_\_  
 Prepared by: \_\_\_\_\_, Title: \_\_\_\_\_  
 Approved by: \_\_\_\_\_, Title: \_\_\_\_\_

<u>REVENUES:</u>	<u>Prior year</u>	<u>Current</u>	<u>Projected*</u>
Public			
Federal	\$ _____	\$ _____	\$ _____
State	_____	_____	_____
City	_____	_____	_____
Foundations/Charities	_____	_____	_____
Project Income	_____	_____	_____
Other	_____	_____	_____
TOTAL REVENUES	\$ _____	\$ _____	\$ _____
 <u>OUTLAYS:</u>			
Staff Salaries/Wages	\$ _____	\$ _____	\$ _____
Fringes	_____	_____	_____
Professional Services	_____	_____	_____
Office Supplies	_____	_____	_____
Travel	_____	_____	_____
Equipment	_____	_____	_____
Occupancy Cost	_____	_____	_____
Other	_____	_____	_____
TOTAL OUTLAYS	\$ _____	\$ _____	\$ _____
 REVENUE STATUS (Rev. - Out)	\$ _____	\$ _____	\$ _____

Explanation of major increases or decreases:

\*Do not include MAP/TAP funding.

MAP/TAP 2.



FORM 3. MAP Budget

Agency Name: \_\_\_\_\_  
Prepared by: \_\_\_\_\_, Title: \_\_\_\_\_  
Approved by: \_\_\_\_\_, Title: \_\_\_\_\_

Contract period: \_\_\_\_\_ to \_\_\_\_\_

PROJECT MANAGER: \_\_\_\_\_ months; \_\_\_\_\_ hours @ \$ \_\_\_\_\_/hour

Salary \$ \_\_\_\_\_  
Fringe (\_\_\_\_%) \_\_\_\_\_

## OVERHEAD COSTS

Maximum of \$2000 \_\_\_\_\_  
(includes rent,  
utilities, telephone,  
typing, supplies)

TOTAL MAP BUDGET \$ \_\_\_\_\_

Anticipated date of repayment:

\*Note that the project manager's salary will be on an hourly basis.



FORM 4. TAP Budget

Agency Name: \_\_\_\_\_  
 Prepared by: \_\_\_\_\_, Title: \_\_\_\_\_  
 Approved by: \_\_\_\_\_, Title: \_\_\_\_\_  
 Contract period: \_\_\_\_\_ to \_\_\_\_\_

PROFESSIONAL SERVICES

Architectural & Engineering	\$ _____
Appraisals	_____
Marketing	_____
Legal	_____
Packaging	\$ _____
Cost Estimates	_____
Site Surveys	_____
Other	_____

FEES & OPTIONS

Environmental &	
Historical Clearances	_____
Options	_____

TOTAL TAP BUDGET \$ \_\_\_\_\_

Anticipated date of repayment:





## FORM 5. Development Pro Forma

Agency Name: \_\_\_\_\_

Project Location: \_\_\_\_\_

	Commercial	Industrial	Residential	Totals
<u>Acquisition Cost</u>				
<u>Relocation Cost</u>				
<u>Construction Cost</u>				
New (\$ /GSF)-				
Rehab (\$ /GSF)				
Site Preparation & Demolition				
Parking (\$ per space)				
Site Improvements				
Total				
<u>Related Costs</u>				
Architect/Engi- neering				
Legal				
Accounting				
Developer				
Other Fees (please specify)				
Construction Loan Interest ( mos @ % on \$ )				
Real Estate Taxes (construction period)				
Insurance				
Title				
Rent Up/Marketing				
Total				
<u>Contingency ( % of \$ )</u>				
<u>Total Development Cost</u>				

Detail the method by which MAP and/or TAP funds will be repaid to the NDEA;  
under which categories on this pro forma are these funds included?



## FORM 6. Operating Pro Forma

Agency Name: \_\_\_\_\_  
 Project Location: \_\_\_\_\_

<u>YEAR</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
<u>Commercial &amp; Industrial Income</u>					
Office ( NSF @ \$ /NSF)	_____	_____	_____	_____	_____
Retail ( NSF @ \$ /NSF)	_____	_____	_____	_____	_____
Indus. ( NSF @ \$ /NSF)	_____	_____	_____	_____	_____
Parking( NSF @ \$ /NSF)	_____	_____	_____	_____	_____
<u>Residential Income</u>					
Unit					
<u>Type</u> <u>#</u> <u>Rent/Year</u>					
	_____	_____	_____	_____	_____
	_____	_____	_____	_____	_____
<u>Gross Potential Income</u>					
	_____	_____	_____	_____	_____
<u>Vacancy</u>					
Office ( %)	_____	_____	_____	_____	_____
Retail ( %)	_____	_____	_____	_____	_____
Industrial ( %)	_____	_____	_____	_____	_____
Residential ( %)	_____	_____	_____	_____	_____
Total	_____	_____	_____	_____	_____
<u>Effective Gross Income</u>					
	_____	_____	_____	_____	_____
<u>Operating Expenses</u>					
(cost to management)					
Management	_____	_____	_____	_____	_____
Maintenance	_____	_____	_____	_____	_____
Cleaning/Trash	_____	_____	_____	_____	_____
Heat	_____	_____	_____	_____	_____
Electric	_____	_____	_____	_____	_____
Insurance	_____	_____	_____	_____	_____
Legal & Accounting	_____	_____	_____	_____	_____
Water & Sewer	_____	_____	_____	_____	_____
Reserve	_____	_____	_____	_____	_____
Other (please specify)	_____	_____	_____	_____	_____
Total	_____	_____	_____	_____	_____
REAL ESTATE TAXES	( )	( )	( )	( )	( )
NET OPERATING INCOME	( )	( )	( )	( )	( )
DEBT SERVICE	( )	( )	( )	( )	( )
CASH FLOW	_____	_____	_____	_____	_____



PUBLIC BENEFITS

Project \_\_\_\_\_

1. Primary Public Benefits(a) Permanent Job Creation or Retention

<u>Title of Job</u>	<u>Number of Full-Time Jobs</u>	<u>Wage Level</u>	<u>Number of Half-Time Jobs</u>	<u>Wage Level</u>
---------------------	-------------------------------------	-----------------------	-------------------------------------	-----------------------

Identify those jobs that will be available to low- and moderate-income residents of Boston.

(b) Number of construction (temporary) jobs created:

2. Economic Spin-Off: identify the additional private investment in the immediate neighborhood that is expected to occur if this project is implemented. Also, describe the importance of this project for the revitalization of the neighborhood.

3. Essential neighborhood services to be provided by this project:

4. Reuse of vacant or underutilized property:

5. Increase in tax base

Present taxes on this property	\$ _____
Estimated new taxes	\$ _____
Net taxes	\$ _____



TENANT/BUYER INCOME VERIFICATION FORM:

Project: \_\_\_\_\_

HOUSING UNITS

INCOME LEVELS

#

BR Size

#

Low Income

Moderate Income

Market Rate

TOTAL HOUSING UNITS AVAILABLE \_\_\_\_\_

Verified by: \_\_\_\_\_  
(Applicant)

Date: \_\_\_\_\_

Check one:

\_\_\_\_\_ Tenant

\_\_\_\_\_ Buyer





## TENANT CERTIFICATION PROCEDURES

The Developer, acting through his/her Management Agent, will advertise and otherwise market rental units to prospective tenants who meet the following threshold requirements:

At least 51% of the total units have households whose gross income does not exceed 80% of the Boston S.M.S.A. median income for the appropriate number of persons per unit.

In accordance with this requirement, the Developer, acting through his/her Management Agent, will select tenants for specific units. Prior to signing a lease, each tenant must be certified as eligible by the City's ( PFD ) MAP/TAP Project Manager and/or the Assistant Director for Development Management.

Once a tenant is selected, and employment, income, and credit history verified to the satisfaction of the Management Agent, the Developer, acting through his/her Management Agent, will submit a brief TENANT CERTIFICATION Form to the PFD for certification.

This TENANT CERTIFICATION FORM (attached) will include the following information:

- o unit number;
- o size of household;
- o income of household;
- o size of unit rented;
- o monthly rent for unit;
- o general demographic information, including sex, race, elderly or handicapped characteristics.

The TENANT CERTIFICATION FORM will be signed by the Management Agent and the Project Manager or Assistant Director for Development Management at the PFD.

A tenant may not enter into a lease until his/her TENANT CERTIFICATION FORM has been signed by all parties, and a copy returned to the Management Agent for inclusion in the on-site tenant file. In order to expedite this process, the PFD will make every effort to return these forms within 24 hours of receipt. Under no circumstances will verbal approval be granted without prior submission and written approval of the TENANT CERTIFICATION FORM.

During the rent-up period, PFD will review quarterly the on-site tenant files for verification of the information submitted on the TENANT CERTIFICATION FORM.



## TENANT CERTIFICATION FORM

DATE: \_\_\_\_\_

UNIT: \_\_\_\_\_

PROPOSED TERM OF LEASE: \_\_\_\_\_

PROPOSED UNIT SIZE: \_\_\_\_\_

PROPOSED MONTHLY RENT: \_\_\_\_\_

# OF PERSONS IN HOUSEHOLD: \_\_\_\_\_

GROSS HOUSEHOLD INCOME: \_\_\_\_\_

INCOME VERIFIED VIA: \_\_\_\_\_

HOUSEHOLD INCOME AS A % OF BOSTON SMSA MEDIAN \_\_\_\_\_

## DEMOGRAPHIC INFORMATION

Race: \_\_\_\_\_

Sex: \_\_\_\_\_

Elderly:      Yes      No

Handicapped:      Yes      No

CERTIFIED AS CORRECT:\_\_\_\_\_  
Management Agent                      Date\_\_\_\_\_  
City of Boston, PFD                      Date  
Project Manager, or  
Assistant Director for Development Management

0001U/2050U



# RECAPTURE AGREEMENT

between  
City of Boston, Public Facilities Department (PFD)  
and  
\_\_\_\_\_

The City of Boston, Public Facilities Department (PFD) enters into this "Recapture Agreement" with \_\_\_\_\_ (hereinafter referred to as Recipient) through this document. Recipient has been awarded a Management Assistance Program (MAP) and/or a Technical Assistance Program (TAP) contract, effective from (dates) \_\_\_\_\_ to \_\_\_\_\_. This award was made for activities described within the contract's scope of services.

Recipient agrees that, within thirty (30) days of permanent financing loan closing for the project as described in the scope of services for said contract, Recipient will repay to the PFD the sum of \$ \_\_\_\_\_. Recipient further agrees that, if permanent financing occurs and the repayment of \$ \_\_\_\_\_ does not occur within thirty (30) days, interest will be due and payable along with the principal, such interest to be at prime rate (as defined within the contract) on the total amount.

If permanent financing is not obtained within one year (12 months) of the termination date of the MAP and/or TAP contract and if any of the following conditions also exist, PFD may make a determination in writing that recapture is not feasible and repayment will not be required:

1. loss of site control;
2. inability to secure adequate financing commitments;
3. other circumstances as deemed appropriate by PFD after review.

A determination that repayment will not be required shall not take place prior to twelve (12) months from the expiration of the contract. After that time, Recipient, in consultation with PFD, may initiate a determination of recapture infeasibility. Upon receipt in writing of a request for such a determination from Recipient's Board of Directors and after approval by the PFD's Chief Fiscal Officer and the Deputy Director of Development, the determination of recapture infeasibility will be made. PFD reserves the right to unilaterally initiate a determination of recapture infeasibility by providing written justification for doing so.

(signature)

(date)

\_\_\_\_\_  
Director, \_\_\_\_\_

\_\_\_\_\_  
Lisa G. Chapnick, Director, PFD

MAP/TAP 8  
0311U/3328U



## THE BUILD PROGRAM

### I. INTRODUCTION

The BUILD program is a construction and bridge financing program of the City of Boston. BUILD is administered by the Public Facilities Department (PFD).

BUILD provides financing for major residential, commercial, industrial, or mixed-use development projects. Loans are made at below-market interest rates to projects with significant public benefits.

A project must receive approval by the Boston City Council. The project developer must provide a 100% unconditional and irrevocable Letter of Credit, which will be held as security until the time of permanent financing.

Applications for funding may be submitted at any time. Proposals are evaluated on the basis of: program eligibility; public benefits; financial feasibility; soundness of project concept; development team capability, experience and financial strength; and readiness for construction.

All prospective applicants are requested to discuss their proposed projects with PFD staff before applying for BUILD. The attached BUILD Project Summary form should be submitted at this initial meeting. The final application will be available at the meeting.

Contact: BUILD Administrator  
Public Facilities Department  
10th Floor  
15 Beacon Street  
Boston, MA 02108

Telephone: 720-4300 extension 242





## II. ELIGIBILITY

BUILD loans may assist the following project types: residential, commercial, industrial, and mixed-use real estate developments. A project must provide significant public benefits by virtue of its size, location or importance to the neighborhood in terms of job creation, reuse of vacant land or buildings, and creation of housing for low- and moderate-income residents.

The BUILD program is funded through the Community Development Block Grant (CDBG). CDBG-financed programs are subject to federal regulations of the U.S. Department of Housing and Urban Development (HUD). Projects are only eligible if they either benefit primarily low- and moderate-income people or if they prevent or eliminate slums and blighting conditions.

Households are determined to be low-income if the aggregate family income is less than 50% of the median income for the Boston SMSA, based on household size. Moderate-income households must have an aggregate income of less than 80% of the median. As of November 11, 1985, a family of four whose aggregate household income is \$17,000 or less is considered low-income. A family of four whose aggregate household income is \$27,200 or less is considered moderate-income.

Projects are eligible for BUILD financing if they meet the following criteria:

- o Residential: For rehabilitation projects, at least 51% of the units must be occupied by low- and moderate-income households, or BUILD funds must be used to eliminate code violations.

In general, new construction is an ineligible activity. However, if a new construction development provides a minimum of 20% low- and moderate-income housing, a loan may be made in an equal percentage to the amount of low- and moderate-income units. For example, if 25% of the units are low- and moderate-income, a BUILD loan may be made which equals 25% of total development costs. In this case, the BUILD loan proceeds may be used only to fund soft costs, such as architectural and engineering, fees, and construction interest.

New construction of residential units is also eligible for funding in certain cases where the activity is deemed by PFD to be necessary or appropriate to meet community development objectives. Only neighborhood-based, non-profit organizations are eligible to receive grants, although these organizations may work in a joint venture with for-profit development entities. In this case, funds may be used to support all aspects of development costs.



- o Retail or social service: At least 51% of the residents of the trade area must be low- and moderate-income; or the project must be located in an Urban Renewal area or a Commercial Area Revitalization District (CARD) exhibiting symptoms of blight.
- o Office and industrial: At least 51% of the permanent jobs created or retained must be suitable for low- and moderate-income people, or the project must be located in an Urban Renewal or CARD area exhibiting symptoms of blight.

PFD monitors compliance with all the above requirements. It reserves the right to require on-going certification and reporting to ensure that CDBG regulations are met.

### III. FINANCIAL ASSISTANCE

BUILD financial assistance is intended to lower the borrowing costs of construction financing or provide interim financing in anticipation of permanent financing for projects secured by real estate. BUILD may finance 100% of total project costs.

Eligible uses of BUILD include real estate acquisition and improvements, and the soft costs associated with project development. Funds are available for any legitimate project cost permitted by Community Development Block Grant regulations.

Loan terms are tailored to each project. There is flexibility in the interest rate consistent with the economic needs of the project and the extent to which the project will create low- and moderate-income housing, create construction jobs, and create or retain permanent jobs for Boston residents.

### IV. PROJECT REQUIREMENTS

1. Project must satisfy the CDBG eligibility criteria generally outlined in Section II.
2. Project must receive approval by the Boston City Council.
3. The project developer must provide a 100% unconditional and irrevocable Letter of Credit, which will be held as security until the time of permanent financing.
4. Contractors must have the capacity to complete construction. The Contractor must provide a 100% payment and performance bond. This bond must be a lien bond as defined under Chapter 254 of Massachusetts General Laws.
5. Neighborhood impact must be positive and the project must have community support. PFD requires the developer to hold at least one public hearing.



6. Project must comply with the construction employment goals established under the Boston Residents Job Policy Ordinance and Executive Orders.
7. Project must be in a high state of readiness for construction.
8. The project development team must have the experience, capacity and financial strength to successfully develop and manage the project.
9. Project must have firm permanent financing commitments, and meet all the requirements of the permanent lender commitments upon closing of the construction loan.
10. Project must provide one or more of the following public benefits:
  - a. Creation or retention of permanent jobs for low- and moderate-income residents of Boston;
  - b. Creation of housing units for low- and moderate-income residents;
  - c. Additional property taxes to the City;
  - d. Provision of essential commercial services;
  - e. Strengthened economic base;
  - f. Reuse of vacant or deteriorated buildings and/or land;
  - g. Potential for economic spin-off and leverage of additional private investment in the immediate neighborhood;
  - h. Creation of minority business opportunities.

#### V. APPLICATION PROCESS

Applicants may submit proposals for funding at any time. However, applicants are encouraged to arrange a meeting with the BUILD Administrator prior to application submission.

Application packages are available and require the submission of the following information: a description of the project concept, including anticipated public benefits; the need for BUILD assistance and conformance with CDBG eligibility criteria; developer's plans to address the goals of the Boston Resident Jobs Policy Guidelines and Executive Orders; construction timetable; evidence of firm permanent financing commitment(s); evidence of development team capacity; and bondability of contractor.



Final loan approval is awarded when a proposal has satisfied all of PFD's application criteria. The loan must be closed within Ninety (90) days of issuance of final commitment.

#### VI. Standard Requirements

Pursuant to statutes and regulations governing the use of Federal Community Development Block Grant funds, applicants awarded BUILD financial assistance must comply with the following:

- (a) Federal environmental and historic clearance procedures. The City of Boston will prepare an environmental and historic assessment leading to a "level of clearance finding" based on information provided by the applicant. Should an Environmental Impact Statement be necessary, the applicant is responsible for its preparation.
- (b) Davis-Bacon construction wage levels, if applicable. Each project will be evaluated individually. It should be assumed that Davis-Bacon or prevailing wages, as established by the U.S. Department of Housing and Urban Development, will apply, except where the applicant can document that BUILD funds will not be used for construction costs, including labor and materials, but will be used only for such other costs as property acquisition, certain soft costs and fees, or equipment and personal property.
- (c) Federal equal employment opportunity, fair housing and affirmative action requirements, and all other federal regulations relative to the use of the Community Development Block Grant. Pertinent civil rights mandates include, but are not limited to, Title VIII of the Civil Rights Act of 1968 (fair housing) and Section 504, Rehabilitation Act of 1973 (nondiscrimination based on handicap). In addition, in order to ensure that a fair share of contracts are awarded to small and minority business firms, contract assurances will be required relating to OMB Circular A-102, Attachment "O".
- (d) City of Boston Ordinances and Mayoral Executive Orders on Employment and Minority Business Utilization for construction projects funded through the City of Boston. During construction, between 10% and 30% (depending on location) of the value of all construction equipment, supplies, materials and services procured by funds under the BUILD program must be obtained from Minority Business Enterprises as determined by the City's Compliance and Enforcement Division. In addition, of the construction jobs created, 50% must go to Boston residents, 25% to minorities, and 10% to women.





(e) Federal and Massachusetts regulations concerning asbestos and lead paint removal.

Applicants and their principals must be current in their property tax payments on all property owned within the City of Boston.

The PFD Director, in her sole discretion, may waive any program requirement except those statutory and regulatory provisions of the CDBG Program.



BUILDPROJECT SUMMARY

1. Applicant \_\_\_\_\_
2. Applicant Address \_\_\_\_\_  
\_\_\_\_\_
3. Applicant Phone \_\_\_\_\_  
\_\_\_\_\_
4. Project Name \_\_\_\_\_  
\_\_\_\_\_
5. Project Address \_\_\_\_\_  
\_\_\_\_\_
6. Ward \_\_\_\_\_ Parcel(s) \_\_\_\_\_
7. Project Type (check all categories that apply)  
 \_\_\_\_\_ New Construction  
 \_\_\_\_\_ Rehabilitation  
 \_\_\_\_\_ Commercial \_\_\_\_\_ Office \_\_\_\_\_ Retail  
 \_\_\_\_\_ Industrial  
 \_\_\_\_\_ Residential \_\_\_\_\_ Rental \_\_\_\_\_ Condo \_\_\_\_\_ Co-op
8. Project Size  
 Building Floor Area (Gross Square Footage) \_\_\_\_\_  
 Number of Stories \_\_\_\_\_
9. Project Activities (check all that apply) •  
 \_\_\_\_\_ Real estate acquisition  
 \_\_\_\_\_ Building rehabilitation or construction  
 \_\_\_\_\_ Leasehold improvements  
 \_\_\_\_\_ Machinery & Equipment purchase
10. Project Costs  
 Real estate acquisition \$ \_\_\_\_\_  
 Construction \_\_\_\_\_  
 Related Soft Costs \_\_\_\_\_  
 Leasehold improvements \_\_\_\_\_  
 Machinery & Equipment \_\_\_\_\_  
 TOTAL \$ \_\_\_\_\_



11. Proposed FundingConstruction:

<u>Source</u>	<u>Amount</u>
a)	\$
b)	
c)	_____
	\$ _____

Permanent:

<u>Source</u>	<u>Amount</u>
a)	\$
b)	
c)	_____
	\$ _____

12. Anticipated date of BUILD loan closing \_\_\_\_\_

13. Public Benefits Summary

Permanent jobs created or retained	_____
Housing units for low/moderate income residents	_____
Estimated new property taxes generated	_____

ATTACH a map showing the location of the proposed project in Boston.

ES/37640



## THE LEND PROGRAM

### I. INTRODUCTION

Loans to Encourage Neighborhood Development (LEND) is a flexible financial assistance program of the City of Boston. LEND is administered by the Public Facilities Department (PFD).

LEND assists neighborhood development projects providing significant public benefits. Low-interest flexible loans are available to eligible commercial, mixed-use, industrial, and major residential projects. The maximum loan amount is 50% of project development costs. The average loan generally does not exceed \$200,000.

Program funds may be used for the costs of acquisition of and improvements to real estate. In certain instances, funds are also available to small businesses for fixed asset and leasehold improvements.

Applications for funding may be submitted at any time. Proposals are evaluated on the basis of: program eligibility; public benefit; financial feasibility; soundness of project concept; development team capability, experience and financial strength; consistency with local economic development strategy; and readiness for construction.

All prospective applicants are requested to discuss their proposed project with PFD staff before applying to LEND. The attached LEND Project Summary form should be submitted in addition to preliminary construction plans at this initial meeting. The final LEND application will be available at this meeting.

Contact: LEND Administrator  
Public Facilities Department  
10th Floor  
15 Beacon Street  
Boston, MA 02108

Telephone: 720-4300 extension 363





## II. ELIGIBILITY

LEND funds may assist the following project types: residential, commercial, industrial and mixed-use real estate developments. Projects located in neighborhood commercial districts targeted or considered by PFD to be "anchor" or key developments will have priority.

An Anchor Project is one which provides extraordinary public benefit by virtue of its size, location or importance to the neighborhood in terms of job creation, reuse of vacant land or buildings, and creation of housing for low- and moderate-income residents. Determination of Anchor Project status will be the responsibility of PFD.

A commercial or industrial business is eligible for funding if located within an Anchor Project financed by LEND, and if the firm satisfies the "small business" definition of the U.S. Small Business Administration.

LEND is funded through the Community Development Block Grant (CDBG). CDBG-financed programs are subject to federal regulations of the U.S. Department of Housing and Urban Development (HUD). Projects are only eligible for CDBG funding if they either benefit primarily low- and moderate-income people or prevent or eliminate slums and blight.

Households are determined to be low-income if the aggregate income is 50% or less of the median income for the Boston SMSA, based on household size. Households are determined to be moderate-income if the aggregate income is 80% or less of the median income. As of November 11, 1985, a family of four earning \$17,000 is considered low-income, and a family of four earning \$27,200 is considered moderate-income.

Projects are eligible for LEND financing if they meet the following criteria:

- o Residential: For rehabilitation projects, at least 51% of the units must be occupied by low- and moderate-income households, or LEND funds must be used to eliminate code violations.

In general, new construction is an ineligible activity. However, if a new construction development provides a minimum of 20% low- and moderate-income housing, a loan may be made in an equal percentage to the amount of low- and moderate-income units. For example, if 25% of the units are low- and moderate-income, a LEND loan may be made which equals 25% of total development costs. In this case, the LEND loan proceeds may be used only to fund soft costs, such as architectural and engineering, fees, and construction interest.



New construction of residential units is also eligible for funding in certain cases where the activity is deemed by PFD to be necessary or appropriate to meet community development objectives. Only neighborhood-based, nonprofit organizations are eligible to receive grants, although these organizations may work in a joint venture with for-profit development entities. In this case, funds may be used to support all aspects of development costs.

- o Retail or Social Services: At least 51% of the residents of the trade area must be low- and moderate-income, or the project must be located in an Urban Renewal area or a Commercial Area Revitalization District (CARD) exhibiting symptoms of blight.
- o Office and Industrial: At least 51% of the permanent jobs created or retained must be suitable for low- and moderate-income people, or the project must be located in an Urban Renewal or CARD area exhibiting symptoms of blight.

No funds may be used for administrative or operating costs for community development corporations or nonprofit organizations, unless these are mortgageable and direct project expenses, e.g., for project management or developer fees.

PFD monitors compliance with all the above requirements. It reserves the right to require on-going certification and reporting to ensure that CDBG regulations are met.

### III. FINANCIAL ASSISTANCE

LEND must be used in combination with private lender financing and borrower equity, including equity raised from the syndication of federal tax benefits. It is a subordinate financing program. LEND may also be used in combination with any other government program(s) subject to any restrictions of these other programs. All LEND applicants will be expected to satisfy the equity requirements of the primary lender.

Two types of loans are available through LEND:

#### 1. Real Estate Loans

Permanent mortgages, construction loans and bridge loans are offered to real estate developers satisfying the LEND project selection criteria (see Section IV). Eligible uses of LEND funds include real estate acquisition, construction, rehabilitation, and associated soft costs.



The loan generally does not exceed \$200,000. The maximum amount of assistance to a developer is 50% of total development cost for an Anchor Project located in a PFD Neighborhood Commercial Development Bank target area or in a CARD District. For all other projects, the assistance ceiling floats between 25% and 50% of total development costs, based on the need of the project and the discretion of PFD.

Loan terms are tailored to each project. Interest rate, term, amortization schedule and collateral are flexible. They vary with the economic need, strength, and public benefit of the proposed project. In no event will the term of the loan exceed fifteen (15) years.

## 2. Small Business Tenant Loans

Fixed-asset financing is available to eligible small businesses located in Anchor Projects. Eligible uses of funds include machinery, equipment, and leasehold improvements. Working capital and inventory are not eligible.

Interest rates on these loans are flexible. The term of the loan is based on banking industry standards for the economic life of the financed asset : production equipment (3-7 years, depending upon obsolescence), and leasehold improvements (3-5 years). The maximum loan amount is 50% of the total amount being financed.

# IV. PROJECT SELECTION CRITERIA

## A. LEND Real Estate Loans

Projects awarded LEND real estate loans must satisfy the following criteria, as determined by PFD:

1. Program eligibility (see Section II);
2. Development team demonstrates the experience, capacity and financial strength to successfully develop and manage the project;
3. Project is economically feasible and marketable;
4. Project concept is suitable for the site and neighborhood, and the design is appropriate for the market concept;
5. Project is located in PFD's targeted commercial districts, and/or supports activities in these areas;
6. Project is in a high state of readiness for construction;



7. Neighborhood impact will be positive, development plans are consistent with local economic development strategy, and the project has community support.
8. Project must provide significant public benefits, including:
  - a. Creation/retention of permanent jobs for low- and moderate-income residents of Boston;
  - b. Additional property taxes to the City;
  - c. Provision of essential neighborhood commercial services;
  - d. Creation of housing units for low- and moderate-income Boston residents;
  - e. Reuse of vacant or deteriorated buildings and land (rehabilitation is a priority over new construction);
  - f. Potential for economic spin-off and leverage of additional development and investment in the immediate neighborhood;
  - g. Elimination of a major blighting influence in the neighborhood;
  - h. Creation of minority business opportunities.

B. LEND Business Tenant Loans

Small businesses awarded LEND business loans must meet these selection criteria as determined by PFD:

1. Program eligibility (see Section II) and located in an Anchor Project.
2. Firm has at least a three-year history of successful operation and management, documented by three years of financial statements.
3. Financing plan, of which LEND is an element, is sound in concept, appropriate for the company's growth and long-term success, and consistent with the firm's business plan.
4. Financial commitments can be finalized and the project implemented without delay.
5. LEND assistance will generate significant public benefits, as described above.





## V. APPLICATION PROCESS

Applications for funding may be submitted at any time. Applicants are requested to discuss their proposed projects with PFD staff before applying for LEND. The attached Project Summary form should be submitted at this initial meeting. The final LEND application will be available at the meeting.

Only complete applications are accepted. Each proposal is given a specific timetable for progress toward final commitment of funds.

Technical assistance toward implementation is available to projects throughout this process. In addition, nonprofit community-based organizations may apply separately to PFD for technical assistance funds to support pre-development costs or a project manager.

Applicants must be current in their property tax payments for all property owned within the City of Boston. In addition, PFD provides information to the Arson Commission, Fair Housing Commission, and Rent Equity Board. PFD reserves the right to require any additional information it deems appropriate. Any findings judged by PFD, in its sole discretion, to be adverse, may result in a denial of LEND assistance.

### A. Real Estate Loans

The LEND application details all aspects of the proposal's financial structure, operations, and physical design. The amount and terms of the loan will be considered at this time.

### B. Small Business Tenant Loans

There is a separate application for Small Business Tenant loans to determine the firm's eligibility for LEND assistance. The application details the proposed financial plan, funding commitments, company history, credit worthiness, prospect for growth and success, and public benefits.

Final loan approval is awarded when a proposal has satisfied all of PFD's application criteria. The loan must be closed within 90 days of the date of issuance of final commitment.

At the time of first advance of LEND funds, the borrower must pay a disbursing and servicing fee, as determined by the bank, acting as the City's agent. Assuming no adjustments must be made due to deferment, this fee will be a maximum of \$4,000 for a fifteen-year term. In addition, a fee of \$60 will be charged for each disbursement request for LEND after the initial request.



The borrower also must pay for legal costs incurred in conjunction with the LEND loan closing upon receipt of a bill detailing these costs. In the event the loan does not close, the borrower must pay all legal costs within fifteen days of billing.

#### VI. Standard Requirements

Pursuant to statutes and regulations governing the use of Federal Community Development Block Grant funds, applicants awarded LEND financial assistance must comply with the following:

- (a) Federal environmental and historic clearance procedures. The City of Boston will prepare an environmental and historic assessment leading to a "level of clearance finding" based on information provided by the applicant. Should an Environmental Impact Statement be necessary, the applicant is responsible for its preparation.
- (b) Davis-Bacon construction wage levels, if applicable. Each project will be evaluated individually. It should be assumed that Davis-Bacon or prevailing wages, as established by the U.S. Department of Housing and Urban Development, will apply. If the applicant can document that LEND funds will not be used for construction costs, including labor and materials, but will be used only for such other costs as property acquisition, certain soft costs and fees, and equipment or personal property, Davis-Bacon will not apply.
- (c) Federal equal employment opportunity, fair housing and affirmative action requirements, and all other federal regulations relative to the use of the Community Development Block Grant. Pertinent civil rights mandates include, but are not limited to, Title VIII of the Civil Rights Act of 1968 (fair housing) and Section 504, Rehabilitation Act of 1973 (nondiscrimination based on handicap). In addition, in order to ensure that a fair share of contracts are awarded to small and minority business firms, contract assurances will be required relating to CDB Circular A-102, Attachment "G".
- (d) City of Boston Ordinances and Mayoral Executive Orders on Employment and Minority Business Utilization for construction projects funded through the City of Boston. During construction, between 10% and 30% (depending on location) of the value of all construction equipment, supplies, materials and services procured by funds under the LEND program must be obtained from Minority Business Enterprises as determined by the City's Compliance and Enforcement Division. In addition, of the construction jobs created, 50% must go to Boston residents, 25% to minorities, and 10% to women.
- (e) Federal and Massachusetts regulations concerning asbestos and lead paint removal.

Applicants and their principals must be current in their property tax payments on all property owned within the City of Boston.

The PFD Director, in her sole discretion, may waive any program requirement except those statutory and regulatory provisions of the CDBG Program.







LENDPROJECT SUMMARY

1. Applicant \_\_\_\_\_
2. Applicant Address \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_
3. Applicant Phone \_\_\_\_\_
4. Project Name \_\_\_\_\_
5. Project Address \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_
6. Ward \_\_\_\_\_ Parcel(s) \_\_\_\_\_
7. Project Type (check all categories that apply)  
 \_\_\_\_\_ New Construction  
 \_\_\_\_\_ Rehabilitation  
 \_\_\_\_\_ Commercial \_\_\_\_\_ Office \_\_\_\_\_ Retail  
 \_\_\_\_\_ Industrial  
 \_\_\_\_\_ Residential \_\_\_\_\_ Rental \_\_\_\_\_ Condo \_\_\_\_\_ Co-op
8. Project Size  
 Building Floor Area (Gross Square Footage) \_\_\_\_\_  
 Number of Stories \_\_\_\_\_
9. Project Activities (check all that apply)  
 \_\_\_\_\_ Real estate acquisition  
 \_\_\_\_\_ Building rehabilitation or construction  
 \_\_\_\_\_ Leasehold improvements  
 \_\_\_\_\_ Machinery & Equipment purchase
10. Project Costs  
 Real estate acquisition \$ \_\_\_\_\_  
 Construction \_\_\_\_\_  
 Related Soft Costs \_\_\_\_\_  
 Leasehold improvements \_\_\_\_\_  
 Machinery & equipment \_\_\_\_\_  
 TOTAL \$ \_\_\_\_\_





11. Proposed Funding

<u>Source</u>	<u>Amount</u>
a)	\$
b) LEND	
c)	
d)	
e)	
	_____
TOTAL	\$ _____

12. Public Benefits Summary

Permanent jobs created or retained	_____
Housing units for low/moderate income residents	_____
Estimated new property taxes generated	_____

ATTACH a map showing the location of the proposed project in Boston.

msb/3602U







## LOW INCOME HOUSING TAX CREDIT

Fact SheetGeneral

The Low Income Housing Tax Credit, created in the Tax Reform Act of 1986, is the key tax benefit available for use in low income housing investments, and replaces virtually all previously available benefits to low income housing, including accelerated depreciation, 167(k), etc.

Eligibility

A qualified low income housing project is one in which:

1. 20% or more of the units are rent restricted and occupied by tenants whose income is 50% or less of median income, or
2. 40% or more of the units are rent restricted and occupied by tenants whose income is 60% or less of median income.

A rent restricted unit is one in which the gross rent does not exceed 30% of the relevant income limitation cited above. (Gross rent does not include federal Section 8 or other state and local rent subsidy payments.)

A qualified low income building is one which:

1. is part of a qualified low income housing project throughout the 15-year compliance period of the credit, and
2. is subject to new depreciation rules in the Tax Reform Act of 1986, and
3. is placed in service between 1/1/87 and 12/31/90.

Credit Amount Calculations

The amount of the annual credit, available for a ten-year period, is calculated according to the following formula:

Qualified Basis x Applicable Fraction = Eligible Basis

Eligible Basis x Applicable Percentage = Annual Credit Amount

Qualified Basis is the development cost of a new construction project, less land costs and in some cases, federal subsidies.

Qualified Basis in an existing project would include acquisition costs (excluding land) plus rehabilitation costs, less federal subsidies in some cases.



### Credit Amount Calculation, continued

The Applicable Fraction is the lesser of low income units to total units, and low income floor space to total floor space.

The Applicable Percentage is determined on the basis of project type (i.e., new construction vs. rehabilitation) and by the use of federal subsidies, as shown below:

	<u>Rehabilitation or Resyndication</u>				<u>New Const.</u>	
	<u>Rehab = More Than \$2,000/Un.</u>		<u>Rehab = Less Than \$2,000/Un.</u>	<u>Acquis. Cost</u>	<u>Con- struc- tion Cost</u>	
Federally Subsi- dized Projects*	4%	or	4%	plus 4%	4%	
Unsubsidized Projects	9%	or	4%	plus 4%	9%	

\* Includes mortgage financing with federally subsidized tax exempt bonds and/or below market rate federal loans or grants for which Qualified Basis is not reduced.

### State Credit Limitations

State agencies will allocate credits to projects and allocations are completed during the year in which the project is placed in service. Each state is limited to a total credit cap of \$1.25 per capita for the years 1987 through 1989. However, only the first year of a project's credit is counted against the cap. The 4% credits used in tax-exempt bond-financed projects are not subject to the credit cap either, since they are controlled instead by bond caps.

### Individual Investment Benefit Limitations

No individual investor may claim more than \$7,000 per year in the low income housing credit against salary- or portfolio-generated tax liability, because of limits related to other passive loss restrictions. Additionally, the amount of credit available to individual investors is decreased ratably to 0 as individual income increases from \$200,000 to \$250,000. Therefore, credit transactions must be oriented to corporations not affected by passive loss restrictions, or to larger numbers of individual investors, requiring public offerings for all but relatively small projects.

Prepared by Greater Boston Community Development, Inc., January 1987









## UNDERSTANDING PRO FORMAS

All projects submitted to the BRA are subject to financial review and analysis. Those projects which are done on publicly-held lands receive a greater degree of scrutiny than those projects which are totally private, but regardless, all projects are assessed for their economic viability. Financial review involves analysis of the economic structure of a project including the costs of building and operating a project, the structure of a project's financing, and the feasibility of such estimates in comparison to current market trends. As a project nears completion of the approval process, the financial submissions are more detailed and the financial commitment of a lending institution is secured. Furthermore, financial review allows us to identify the benefits of a project to the city (i.e., lease payments, taxes, or linkage payments), as well as the financial implications of any design changes which may be required by the BRA or suggested by the developer.

The principal method of conducting financial review is to examine a developer's pro formas. A pro forma is an income and expense forecast which lays out a reasonable set of predictions regarding the costs of a project. There are typically two types of pro formas - a development pro forma which spells out the capital costs of building a project and an operating pro forma which predicts year-to-year expenses of running a project. These pro formas do not give actual figures, but rather they offer the most likely outcomes based on a reasonable set of assumptions. These assumptions may be varied to reflect more optimistic or pessimistic assumptions regarding the market, inflation, the time value of money, or changes in the tax laws, etc.

The development pro forma is broken down into three major categories:

1. **ACQUISITION COSTS** - the costs of assembling and clearing the required site(s). Also called the land costs.
2. **HARD COSTS** - the costs of construction, including all physical improvements to the site.
3. **SOFT COSTS** - professional fees, financial costs, and developer's fee.

The operating pro forma is usually based on the first stabilized year of operation and usually includes the following:

Income - gross income from rental of office, retail, residential, or parking. (Based on comparable rents in a similar market.) A certain percentage is deducted for vacancy resulting in an effective gross income.

Expenses - this includes operating and maintenance expenses as well as real estate taxes. Other expenses may include lease payments or linkage charges.

Net Operating Income - this is simply the income minus expenses or the amount of money available to finance the debt.

Debt Service - the annual payment of interest and principal on the loan.



The operating pro forma can show either before-tax or after-tax calculations but in either case it should include information regarding the financing of the project, specifically the amount of equity, the amount of debt and the terms of the permanent loan.

Development and operating pro formas for a hypothetical development project follow.



## MODEL DEVELOPMENT PROJECT

### Development Program

Total Land Square Footage	15,000	
GROSS SQUARE FEET		
Office	120,000	
Retail	12,000	
Parking	20,000	
(# of spaces)	55	based on an average of 350 sf/space
TOTAL GSF	152,000	
NET SQUARE FEET		
Office	104,400	based on 87% efficiency
Retail	9,960	based on 83% efficiency
Parking	20,000	
TOTAL NSF	134,360	

### DEVELOPMENT PRO FORMA

ACQUISITION COSTS	
Land Cost	\$ 2,250,000
\$/LSF	150
\$/FAR SF	17
HARD COSTS	
Site Improvements	525,000
\$/LSF	35
New Construction	11,220,000
\$/GSF	85
Parking	1,100,000
\$/space	20,000
Tenant Improvements	1,123,700
Office \$/nsf	10
Retail \$/nsf	8
TOTAL HARD COSTS	\$13,968,700





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**Development Pro Forma** (continued)

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**SOFT COSTS**

Architect/Engineering 698,400  
% of Hard Costs 5%

Architecture/Engineering fees usually range from 4-7% of hard costs

Legal, Accounting, Insurance 500,000  
Marketing/Brokerage 500,000  
Developer's Fee 450,000  
Construction Loan Interest 1,260,000

roughly 2-4% of TDC  
This figure is calculated by multiplying the amount of the loan by the interest rate by the amount of time the loan will be out by the percentage drawdown (i.e. what percent of loan is outstanding at any point in time).

Financing Fees 400,000  
Real Estate Taxes 500,000  
Permits, Title 200,000  
Operating Loss 800,000

The Operating Loss is a line item which accounts for a "start-up" period - i.e., the time between project completion and full lease-up of a building. In this case, it is estimated that it will take 18 months to achieve 90% occupancy.

TOTAL SOFTS COSTS \$ 5,308,400

CONTINGENCY \$ 977,800  
% of Hard Costs 7%

Contingency allowance usually ranges from 5-10% of hard costs, depending on soil conditions and foundation construction. Rehabilitation projects usually have a greater allowance based on age and condition of building.

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TOTAL DEVELOPMENT COSTS \$22,504,900

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Soft Costs as % Hard Costs 38%

Projected soft costs for professional fees and other expenses are comparable to other downtown projects recently reviewed by the BRA.

Soft Costs as % TDC 24%



# **Operating Pro Forma** (FIRST STABILIZED YEAR)

<b>INCOME</b>			
Office		\$ 3,445,200	Rents are calculated on basis of net square footage. These rents are comparable with rents of mid-size buildings currently under construction in downtown Boston.
\$/nsf	\$33.00		
Retail		448,200	
\$/nsf	45.00		
Parking		165,000	
\$/space	250/month		
<b>TOTAL Gross Income</b>		4,058,400	
Vacancy		(186,420)	5% of office and retail space and 5% of parking
<b>Effective Gross Income</b>		3,871,980	
<b>OPERATING EXPENSES</b>			
Office		(469,800)	
\$/nsf	4.50		
Retail		(44,820)	
\$/nsf	4.50		
Parking		(26,400)	Parking expenses are usually estimated to be 16% of total gross parking revenues.
Real Estate Taxes		(564,600)	
Linkage		(22,857)	Linkage payments are calculated based on the formula of \$5/gsf over 100,000 gsf paid over 7 years (for housing) and \$1/gsf paid over 2 years (for job training). Since this operating pro forma represents the first stabilized year of operation, only the housing linkage payment is shown. The job training payments would be completed in year 2.
<b>TOTAL EXPENSES</b>		(\$1,128,477)	
<b>NET OPERATING INCOME</b>		2,743,503	
<b>RETURN ON TOTAL COST DEVELOPMENT COST (ROTDC)</b>		12.19%	
			ROTDC is a measure of project financial performance expressed as the ratio of Net Operating Income to Total Development Cost.



**Operating Pro Forma** (FIRST STABILIZED YEAR) (continued)

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DEBT SERVICE	(2,421,700)	
Term/Interest Rate/Amount		\$20,254,910 @ 11.5% for 30 years
Before Tax Cash Flow (BTCF)	321,803	
Cash-on Cash Return (BTCF/Equity)	14.30%	Cash-on-cash return indicates the ratio of cash remaining after the payment of operating expenses and debt service to invested equity on a pre-tax basis.
Equity		\$ 2,250,490 15% of TDC
Debt		\$20,254,410 85% of TDC



SAMPLE DEVELOPMENT PRO FORMA

Acquisition Cost

Land

Building

Total

Construction Cost

New Const. ( \$ /GSF)

Rehab ( \$ /GSF)

Site Prep ( \$ /GSF)

Parking ( \$ per space)

Total

Professional Fees/Soft Costs

Architect/Engineering

Attorneys Fees

Accountant Fees

Developers Fee

Construction Interest

Loan Commitment fees

Real Estate Taxes

Insurance/Title

Permits

Marketing Fee

Total

Contingency

TOTAL DEVELOPMENT COST





# SAMPLE OPERATING PRO FORMA FOR RENTAL PROPERTY

## Residential Income

Unit Type	#	Rental/Year
--------------	---	-------------

Total

## Commercial Income

Office (NSF @ \$ /NSF)

Retail (NSF @ \$ /NSF)

Parking (space @ \$ /space)

Total

## Gross Potential Income

### Vacancy

Residential ( %)

Commercial ( %)

Total

## Gross Effective Income

### Operating Expenses (Cost to Management)

Residential  
\$/NSF \$ Total

Commercial  
\$/NSF % Total

Management

Maintenance

Heat

Electric

Water & Sewer

Insurance

Reserve

Security

Total

Parking (\$ /space)



Real Estate Taxes

Residential \_\_\_\_\_

Commercial \_\_\_\_\_

Parking \_\_\_\_\_

Total \_\_\_\_\_ ( \_\_\_\_\_ )

Net Income Available for Debt and Return on Equity \_\_\_\_\_

Debt Service (     % on \$            for     years) \_\_\_\_\_

Cash Flow \_\_\_\_\_

Return on Equity \_\_\_\_\_



SAMPLE SALES/ CONDOMINIUM PRO FORM

Condominium Sales

<u>Unit</u>	<u>#</u>	<u>Price pr sq. ft.</u>	<u>Proceeds</u>
-------------	----------	-------------------------	-----------------

Gross Sales Proceeds

\_\_\_\_\_

Less Marketing/ Brokerage fees

\_\_\_\_\_

Less Total Development Cost

\_\_\_\_\_

Net Profit (before Taxes)

\_\_\_\_\_

Return on Equity

\_\_\_\_\_



# DEVELOPMENT PRO FORMA

	<u>Budget</u>
Acquisition	\$ 15,000
Construction	261,600
Site prep & improvements	1,200
Architect & Engineering	17,650
Legal & Accounting	5,000
Utilities (during construction)	3,500
Zoning & permits	3,000
Insurance	1,600
R.E. Taxes	1,000
Interest during construction	
6 months @ 14%	13,800
Financing fees	2,207
Developers fee	30,000
Rent up	800
Contingency 13%	<u>34,000</u>
TOTAL DEVELOPMENT COST	<u>\$396,357</u>





# OPERATING PRO FORMA

<u>Commercial Income</u>			<u>Budget</u>
Office (2950 NSF @ \$6.00 /NSF)			\$17,100.
<u>Residential Income</u>			
Unit			
Type	#	Rent/Month	
2	1	\$472	\$ 6,120
3	2	\$572	\$13,680
<u>Gross Potential Income</u>			\$36,900
Vacancy			(\$ 363)
<u>Effective Gross Income</u>			\$36,537
<u>Operating Expenses</u>			
Management			\$ 1,000
Maintenance			2,000
Cleaning/Trash			500
Heat (paid by tenants)			-0-
Electric			350
Insurance			2,600
Legal & Accounting			500
Water & Sewer			1,200
Reserve			1,000
TOTAL			(\$9,150)
<u>Real Estate Taxes</u>			(\$4,000)
<u>Net Operating Income</u>			\$23,387
<u>Debt Service</u>			(\$21,383)
<u>Cash Flow</u>			\$2,004





PROPOSED: CONSTRUCTION  
RECOMMITMENT ( )  
MORTGAGE INCREASE ( )  
CONSTRUCTION LOAN  
PERMANENT LOAN RECEIVED MHFA

APPLICATION FOR MORTGAGE FINANCING  
FOR DEVELOPMENTS INCLUDING RESIDENTIAL SPACE ONLY

FEB 6 1987

Name of Project \_\_\_\_\_ DEVELOPMENT DEPT.  
Address of Project \_\_\_\_\_  
Name of Mortgagor \_\_\_\_\_  
Address of Mortgagor \_\_\_\_\_

Signed \_\_\_\_\_  
Title General Partner

Total Loan Amount \$ 15,474,272 Estimated Closing Date February, 1987  
Total Replacement Cost \$ 18,551,714 Equity Amount \$ 3,077,442  
Construction Loan: Rate 8.10% Override .5 % Term 16 Months Constant C. 8.60  
Permanent Loan: Rate 8.10% Override .5 % Term 30 Years Constant C. 9.46668

No. Apartment Units 184 No. of Buildings 2 No. of Stories 6  
No. Elderly Units \_\_\_\_\_ No. of Family Units 184 No. Handicapped Units 10  
No. Section 8 Units 46 No. Int. Sub. Units \_\_\_\_\_ No. Unsubsidized Units 138

Construction Type: Type I ( ), Type II or III ( ), Type IV ( ), V or VI ( ), Rehab ( )  
Construction Contract Type: Union ( ), Open Shop (X)

Mortgage Amount per Unit \$ 84,099 Construction Cost per Sq. Ft. \$ 66.62  
Gross Square Footage 173,725 Av. Gross Area/Apt. 944 Av. BR/Apt. 1.25  
Total Land Value \$ 1,440,000 Land Value per Unit \$ 8,000  
No. Parking Spaces: outdoor 300 enclosed \_\_\_\_\_ spaces per unit 1.63

Special Features: Clubhouse, swimming pool, recreation room, master antenna,  
laundry rooms

Equipment and Services to be Included in Rent:

light ( ), cooking ( ), elec. Heat ( ), gas heat (X), oil heat ( ), refrig. (X),  
gas range ( ), elec. range (X), dishwasher (X), disposal (X), exhaust fan (X),  
central a.c. ( ), a.c. sleeves (X), window a.c. ( ), carpet (X), drapes ( ),  
swimming pool (X), elevators (no. 4 )

Services Paid By Tenants: Domestic electricity

FOR AGENCY USE

OAS fee amt. \$ \_\_\_\_\_ date rec'd \_\_\_\_\_ appl. fee amt. \$ \_\_\_\_\_ date rec'd \_\_\_\_\_

Recommitment fee amt. \$ \_\_\_\_\_ date rec'd \_\_\_\_\_ verified by \_\_\_\_\_

date presented to Board \_\_\_\_\_ action of Board \_\_\_\_\_



RENT SCHEDULE IN ACCORDANCE WITH SECTIONS 6A AND 6B  
OF COMPOSITE STATUTE DATED JANUARY, 1984

MEFA PROJECT NO.

No. of Bedrooms

No. of Units

Net Rentable SF per Unit

Elevator - Non Elevator

Market Rent (Conventional Rent)

Rate: 15 Term: 25 Constant: 15.47

MEFA Below Mkt. Rent (Cost Based

Rate:  $7.70 + \frac{9}{9.46668}$  Term: 30 Constant:

Adjusted MEFA Rent

SHARP Per Unit

Attainable Rent

Existing Sec. 8 Rent/707 Rent

Utility Allowance

Percentage of Sec. 8 Rent/707 Rent

1BR	H 1BR	2BR	H 2BR	1BR	H 1BR	2BR	H 2BR
27	2	16	1	81	4	50	3
633	633	914	855	633	633	914	855
E	L	E	V	A	T	O	R
1236	1236	1396	1396	1436	1436	1590	1590
816	816	976	976	1016	1016	1170	1170
216	216	270	270	216	216	270	270
				800	800	900	900
600	600	706	706				
30	30	35	35				
25	30% Income						

MEY-OWN SHARP LOAN

FIRST YEAR SHARP LOAN

BB Units

BB Units

0	x	=	0	x	=
1	138	x	2,597	=	358,386
2	46	x	3,245	=	149,270
1		x		=	
1		x		=	

Total = 513,724

Memo Item

Dividend Calculator: 6% on \$ 3,077,442 equal \$ 184,646 Annual Dividend



## SUMMARY OF PROJECT INCOME, EXPENSES &amp; DEBT SERVICE COVERAGE

ANNUAL RENTAL INCOMEMod/Market Units (Attainable) \$ 1,388,400Low Income Units (\$8/707 Rents) \$ 352,824

## GROSS RESIDENTIAL INCOME

\$ 1,741,224

Less Vacancy Factor:

Mod/Market Units 5 % \$ 69,420Low Income Units 5 % \$ 17,641

Total Vacancy

(\$ 87,061)

## EFFECTIVE RENTAL INCOME

\$ 1,654,163

(Fill in Projected Date 95% Occupancy \_\_\_\_\_)

## INCOME FROM OTHER SOURCES (SPECIFY)

Laundry \$6.00 x 184 units = \$ 1,104 x 12 \$ 13,248Parking \_\_\_\_\_ spaces at \$ \_\_\_\_\_ month x 12  
Less \_\_\_\_\_ % Vacancy \$ \_\_\_\_\_Show Calculations on Attached Worksheet

Other \_\_\_\_\_ \$ \_\_\_\_\_

Other \_\_\_\_\_ \$ \_\_\_\_\_

Other \_\_\_\_\_ \$ \_\_\_\_\_

\$ 13,248

## 2. TOTAL OTHER INCOME

\$ 513,72

## 3. SHARP LOAN (FIRST YEAR)

(\$ 569,74)

## 4. ANNUAL OPERATING EXPENSES

\$ 1,611,39

## 5. NET INCOME \$ = (1+2+3(4))

\$ 1,464,906. DEBT SERVICE (Constant 0.0946668 ) x \$ 15,474,272 loan1.1 Perc

## 7. DEBT SERVICE COVERAGE RATIO 1:1.1

1.1

## 8. ACTUAL DEBT SERVICE COVERAGE (Line 8 Must Equal Line 7)





<u>ITEM</u>	<u>EXPENSE</u>	<u>SUB-TOTAL</u>	<u>EXPENSE DEFERRED</u>
<u>Management Fee</u>		100,045	543
<u>Administrative</u>			
Payroll Expenses-Incl. Taxes, etc.	20,080		109
Legal	500		3
Audit	3,500		19
Marketing Expenses	11,120		60
Telephone	1,800		10
Office Supplies	1,200		6
Other Administrative Expenses	6,500		35
Sub-total - Administrative		44,700	242
<u>Maintenance</u>			
Payroll Expenses-Incl. Taxes, etc.	36,060		196
Janitorial Materials	6,300		34
Landscaping	11,700		64
Decorating (interior only)	6,300		34
Repairs (interior and exterior)	18,900		102
Elevator Maintenance	4,500		24
Garbage and Trash Removal	19,440		105
Snow Removal	3,960		21
Exterminating	4,860		26
Pool Maintenance	--		--
Miscellaneous	4,980		27
Sub-total - Maintenance		117,000	635
<u>Security</u>			
<u>Utilities</u>			
Electricity	19,800		107
Gas	82,800		--
Oil	--		42
Water and Sewer	7,800		600
Sub-total - Utilities		110,400	
<u>Utility Allowance (Section 8 Only)</u>		--	
<u>Insurance</u>		27,600	150
<u>Oper. Exp. Before Tax &amp; Rep. Res.</u>		399,745	2,172
<u>Taxes</u>			
Real Estate Taxes			
Other Taxes			
Sub-total - Taxes		101,000	550
<u>Replacement Reserve ( 3 dir. con.)</u>		69,000	375
<u>Utility Allowance (Section 8 Only)</u>		( -- )	( -- )
<u>TOTAL ANNUAL OPERATING EXPENSES</u>		569,745	3,096



# SUMMARY OF ESTIMATED PROJECT COSTS

## PROJECT \_\_\_\_\_

MORTGAGE APPLICATION PAGE 5  
MHFA PROJECT NO. \_\_\_\_\_

### Square Footage and Construction Cost Information

Gross Residential Non-Community Sq. Ft.	169,618
Gross Community Square Footage	4,107
Total Gross Square Footage	173,725
Net Rentable Residential Square Footage	133,210
Net Rentable Res. SF as % Gross Res. SF	79%
Construction Cost per Total Gross Sq. Ft.	66.62
Construction Cost per Residential Unit	61,413

### Direct Construction Costs

11,300,000

### Construction Fees

Surveys, Permits, etc.	135,900
Bond Premium ( 3 dir. const.)	110,000
Arch. Design ( 3 dir. const.)	275,000
Arch. Inspec. ( 3 dir. const.)	55,000

### Total Fees

575,900

### Total Construction Costs

11,875,900

### General Development Costs

Construction Loan Interest	
months 16 rate 8.6	887,192
OAS Fee .1% of Loan	
Mortgage Application Fee	
.2% of Loan	46,423
Construction Inspection Fee	
.5% of Loan	77,371
Financing Fee 2% of Loan	309,485
Real Estate Taxes	55,000
Insurance	65,000
Legal Fee	148,000
Title & Recording Expenses	30,000
Rent-up & Marketing	180,000
Other — Cost Cert.	15,000

### Total Gen. Development Costs

1,813,471

### Dev. Overhead

684,469

### Developers' Fee (20% of Lines 1 & 2)

2,737,874

### Land \_\_\_\_\_ sq.ft. @ \$ \_\_\_\_\_ per sq.ft.

1,440,000

### Total Replacement Cost

18,551,714

### Developer Fee

2,737,874

### Cash

339,568

3,077,442

### Loan

15,474,272

### Loan/Replacement Cost Ratio

83%









BOSTON PUBLIC LIBRARY



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